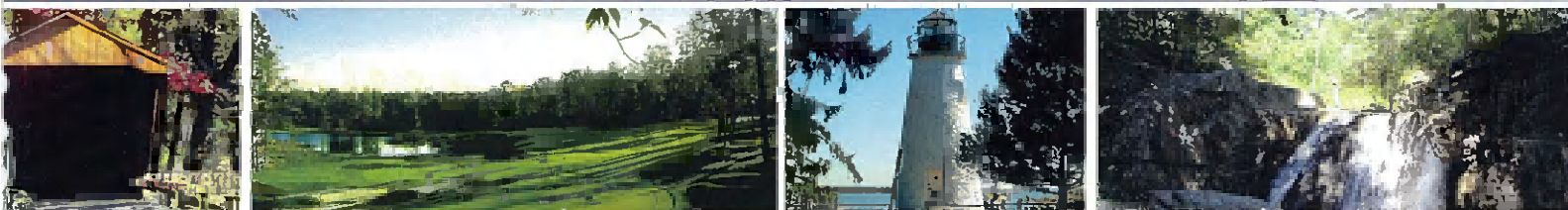




COMPREHENSIVE ANNUAL FINANCIAL REPORT

HARFORD COUNTY, MARYLAND



For The Fiscal Year Ended June 30, 2010

David R. Craig
County Executive



*"Preserving Harford's past;
Promoting Harford's Future"*

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2010



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Rick Pernas, CPA
Harford County Acting Treasurer*



HARFORD COUNTY, MARYLAND
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HARFORD COUNTY, MARYLAND

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Introductory Section



DAVID R. CRAIG
HARFORD COUNTY EXECUTIVE

LORRAINE COSTELLO
DIRECTOR OF ADMINISTRATION



RICK PERNAS, CPA
ACTING TREASURER

DEPARTMENT OF THE TREASURY

HARFORD COUNTY GOVERNMENT

October 31, 2010

Honorable Members of the County Council,
County Executive and Citizens of Harford County

The Comprehensive Annual Financial Report (CAFR) of Harford County, Maryland (the County) for the fiscal year ended June 30, 2010 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

The County's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Harford County Government for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent Certified Public Accountants concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for Harford County Government for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent Certified Public Accountants' report is presented as the first component of the financial section of this report.

Preserving Harford's past; promoting Harford's future

MY DIRECT PHONE NUMBER IS 410-638-3316
220 SOUTH MAIN STREET, BEL AIR, MARYLAND 21014 • www.harfordcountymd.gov

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent Public Accountants.

PROFILE OF THE GOVERNMENT

Harford County, Maryland was formed in 1773 and had a Commissioner form of government until 1972. Upon enactment of the Harford County Charter, a charter form of government became effective on December 7, 1972. A County Executive and a seven member County Council, one of whom is President of the Council, govern the County. The County Executive and President of the Council are elected at large. The other six members of the County Council are elected by in-district elections. All executive powers vested in Harford County by the Constitution and laws of the State of Maryland and County Charter are vested in the County Executive, who is the chief executive officer of the County and is responsible for the affairs of the Executive Branch and assuring that they are properly and efficiently administered. All legislative powers, which may be exercised by Harford County under the Constitution, and laws of the State of Maryland, including all lawmaking powers, are vested in the County Council.

Harford County occupies a land area of 448 square miles and serves a population of 248,610. The County provides a full range of municipal services, including sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, landfill, water and sewer, economic development, parks and recreation and general administrative services. The County also provides the majority of funds that support public schools, the community college, and libraries through its component units. The entities that meet these criteria are the Harford Community College, Harford County Board of Education, Harford County Library, and Harford Center, Inc. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 1 of each year. The County Council conducts budget hearings with departments, the Board of Education, etc, as well as public hearings prior to approving the budget and the tax rates by May 31 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the three major governmental funds which adopted an annual budget, the general, highway and agricultural preservation funds, and can be found on pages 24 and 25 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy: Over the last three years Harford County, and the nation, have faced the most serious economic challenges in several generations. The County has managed these challenges by recognizing problems early on and moving aggressively to mitigate the effects. Problems were first detected early in fiscal year 2009 when it appeared projected revenues might fall short. Management immediately initiated several belt tightening measures. County operating departments, the Board of Education, Harford Community College, the Libraries and most of the other outside agencies were asked to return up to 5 percent of their Fiscal Year 2009 budgets; or at least enough to avoid layoffs.

The revenue outlook for fiscal year 2010 appeared even bleaker. County operating departments were again cut, an average of more than 12 percent from fiscal year 2009. Other measures included laying-off 34 people, imposing 5 furlough days on County departmental and Library staff; reducing the number of take home vehicles and vehicles for department directors and again asking departments to hold back 5 percent of their already reduced budgets. The County also began monitoring each expenditure and reviewing every request to fill positions. Only the most vital of positions were filled. During the second half of fiscal year 2010, the County offered a retirement incentive for employees eligible to retire. The initiative was very successful; 53 employees opted to retire on or before June 30, 2010, which is expected to further reduce the workforce. Each retirement means a reduction in salary costs either by reducing staff or replacing a current employee with a lower paid employee.

As the fiscal year 2011 budget process began the revenue outlook remained sketchy. Because of layoffs, reduced hiring and staffing changes brought about by the retirement incentive; there has been a reduction in the workforce, resulting in estimated salary costs approximately \$3 million less in fiscal year 2011's budget than in 2010. Both in terms of staffing and overall spending the size of government has been cut. These changes allowed the 2011 budget to include a \$0.02 reduction to the Property Tax rate, as well as no layoffs or furlough days.

The County's largest revenue source remains real property tax in spite of recent declines in the real estate market. The taxable assessable base for the County continues to show increases in value but due to the economy and slow housing sales, the growth rate has decreased from double digit rates to an expected 1.7 percent growth rate for fiscal year 2011. The growth in the assessable base is expected to remain slow for the next several years. In fiscal year 2010 real property tax represented 55.8 percent of general fund budgeted revenue. With the fiscal year 2011 budget the County's property tax rate decreased \$0.02 but actual 2011 property tax revenues are expected to show a slight increase, 1.88 percent and to again be 55.8 percent of general fund budgeted revenues.

Income tax revenue, the second largest revenue source in the County, which is directly affected by population growth, employment levels and personal income, had shown steady growth until fiscal year 2008. Starting in fiscal year 2008 through 2010 income tax has been declining and this is expected to continue into fiscal year 2011. The drop in revenues is largely due to the slowdown in the overall economy, which is projected to continue through the early part of fiscal year 2011, as the credit crunch, carryover capital losses, high unemployment and the continued decrease in consumer spending combine to limit the growth of taxable income. In fiscal year 2010 income tax represented 34.8 percent of general fund budgeted revenue. In fiscal year 2011 income tax revenues are expected to decline (3.67 percent) and make-up 32.9 percent of general fund budgeted revenues.

The County must also contend with reductions in revenues tied to the State and affected by the State of Maryland's budget shortfalls. The most significant revenue reduction will be Highway User Tax revenue. The State's fiscal year 2011 budget projects a 96.2 percent decrease in the amount of Highway User Tax revenue that will be shared with the counties; nearly \$10.0 million will be lost to Harford County.

Long-term financial planning: In spite of the current economic difficulties Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County's fiscal strength has been attested to by two of three bond rating agencies with triple "A" ratings for its general obligation (GO) bonds. These independent rating agencies determined the County is a safe place to invest and do business. The triple "A" rating reflects the ongoing diversification and expansion of the County's economic base, fueled by significant growth of the Aberdeen Proving Ground, i.e. APG, and the County's strategic location within the Baltimore-Washington region. In spite of recent fiscal challenges the rating agencies affirmed the County's healthy financial position, characterized by conservative fiscal management, healthy reserve levels, long-term operating stability and a manageable direct debt burden.

The County's employment base has increased by more the 20,626 jobs or 21.4 percent from 2001 through 2006, driven by growth in professional services, technology and transportation sectors. Substantial employment growth is expected to continue as a result of the ongoing implementation of the Department of Defense Base Realignment and Closure (BRAC). The U.S. Army projects that APG will experience a net gain of 8,200 positions to its workforce; with perhaps another 7,000 indirect positions created by the influx of people coming to APG. As of December 2009, approximately 1,550 jobs have already moved to APG; another 6,000 to 7,000 jobs are anticipated to follow in 2010 and 2011 when the construction of new facilities is completed. APG is at the forefront of technical achievements in national defense, intelligence, medical research, and engineering and computer technology. The majority of jobs on base will be highly skilled and annual salary is expected to average \$87,000.

The County has been preparing for this influx of jobs and people with capital investments in schools and key infrastructure projects. With the fiscal year 2011 budget the County again faces daunting financial challenges requiring careful balancing of many needs and an equitable allocation of available resources. Education continues to be a major concern of the County and its residents. To meet the fiscal year 2011 Maryland State required Maintenance of Effort funding level of \$211,061,789, the budget included an additional \$146,989; plus an additional allocation of \$300,000 to support a new Agricultural Magnet Program and \$2,700,000 is provided to mitigate any employee wage reductions.

In spite of the fiscal challenges the fiscal year 2011 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highway Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unappropriated fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year. In fiscal year 2011 appropriated fund balance in the general fund is \$3.5 million.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Firemen's Pension, Agricultural Preservation, Sheriff's Pension, and the trust funds, which are invested separately. For fiscal year 2010 the weighted average yield on investments, exclusive of monies invested with the Maryland Local Government Investment Pool (MLGIP), was 0.48 percent. The total amount of interest earned by the County on investments was \$1,721,653.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County received its twenty-third GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2008, to June 30, 2009. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

The County also received a Certificate of Recognition from the National Federation of Municipal Analysts in February 1992. This award was presented for special consideration and responsibility to the community of investors in its securities through an expressed commitment to continuing disclosure. The County continues its commitment to financial disclosure. In fiscal year 1996, the County began the issuance of unaudited interim financial statements in order to provide additional disclosure for an anticipated bond sale. The County continues to issue unaudited interim financial statements for the six-month period ending December 31st of each year.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of the Treasury. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the County Executive and County Council for their leadership and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Rick Pernas", is positioned below the text "Respectfully submitted,".

Rick Pernas, CPA
Acting Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harford County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

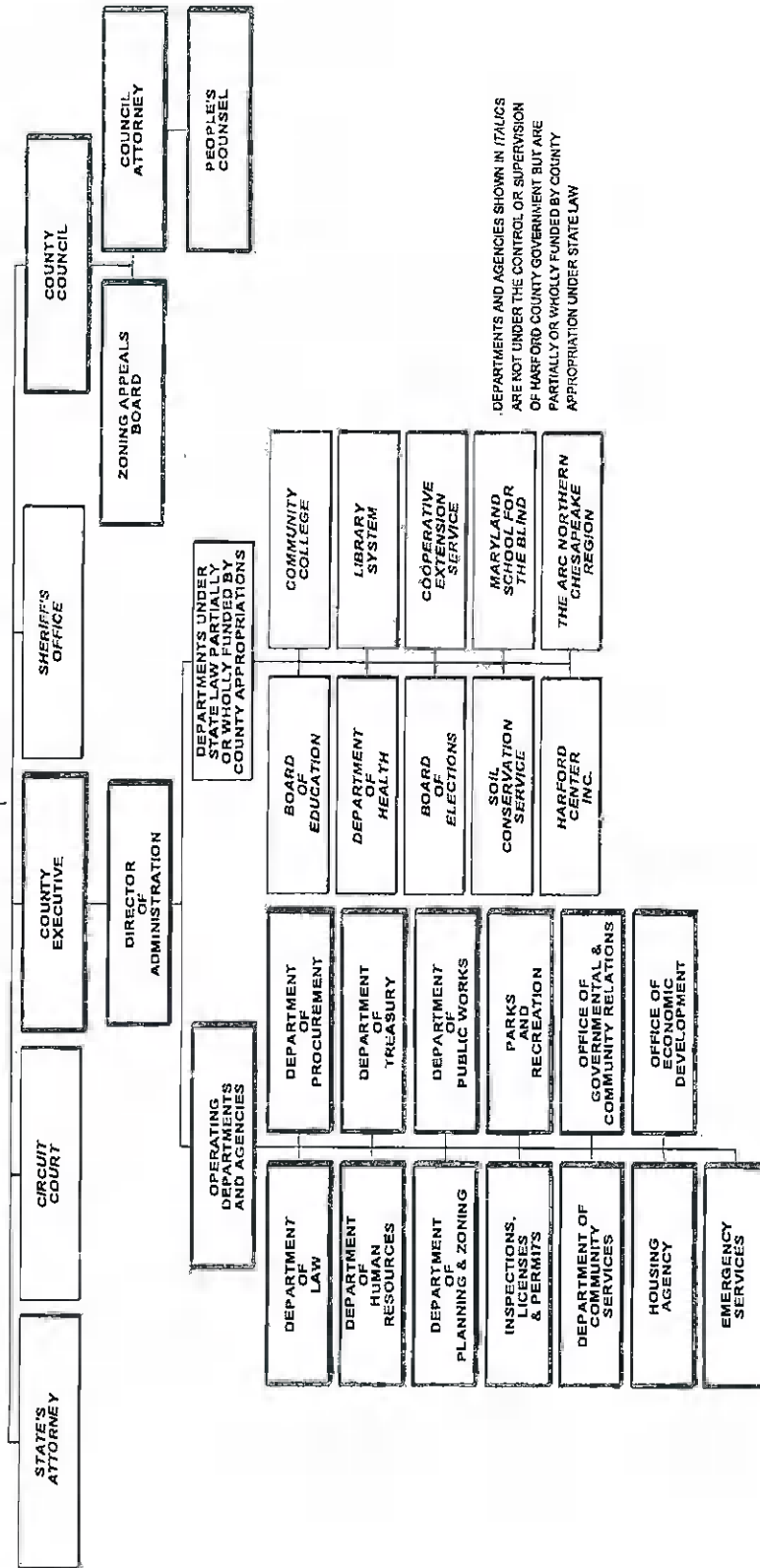
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enner".

Executive Director

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART

CITIZENS



DEPARTMENTS AND AGENCIES SHOWN IN ITALICS ARE NOT UNDER THE CONTROL OR SUPERVISION OF HARFORD COUNTY GOVERNMENT BUT ARE PARTIALLY OR WHOLLY FUNDED BY COUNTY APPROPRIATION UNDER STATE LAW

**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2010**

CERTAIN ELECTED OFFICIALS

County Executive	David R. Craig
President of the County Council	Billy Boniface
County Council Members	Dion F. Guthrie
	Joseph M. Woods
	James McMahan
	Chad Shrodes
	Richard C. Slutzky
	Mary Ann Lisanti

CERTAIN APPOINTED OFFICIALS

Director of Administration	Lorraine T. Costello
Treasurer	John R. Scotten, Jr.*
County Attorney	Robert S. McCord
Director of Community Services	Mary F. Chance
Director of Economic Development	James C. Richardson
Director of Human Resources	Scott T. Gibson
Director of Inspections, Licenses and Permits	Richard D. Lynch
Director of Parks and Recreation	Arden McClune
Director of Planning and Zoning	C. Peter Gutwald
Director of Procurement	Deborah L. Henderson
Director of Public Works	Robert B. Cooper

Independent Public Accountants
SB & Company, LLC
Certified Public Accountants
Hunt Valley, Maryland

Bond Counsel
Miles & Stockbridge P.C.
Baltimore, Maryland

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland

*John Scotten, Jr. retired as of June 30, 2010. Rick Pernas is the Acting Treasurer of Harford County as of July 1, 2010.



Financial Section



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Members of the County Council
Harford County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Harford County Community College, the Harford County Library and the Harford Center, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland, as of June 30, 2010, and the respective changes in its financial position and, where applicable, its cash flows thereof and the respective budgetary comparison for the general, highways, and agriculture land preservation funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

In accordance with *Government Auditing Standards*, we have issued our report dated September 30, 2010 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, required supplemental schedules of funding progress for Pension Trust Funds and Other Post Employment Benefit (OPEB) Trust, and required schedule of employer contributions for OPEB Trust Fund as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, supplementary information as identified in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland
September 30, 2010

SB's Company, LLC

Management's Discussion and Analysis

This section of the Comprehensive Annual Financial Report of Harford County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$743.7 million. The unrestricted portion of this is a negative \$247.2 million and is composed of an unrestricted deficit in the governmental activities of \$361.7 million and a balance \$114.5 million unrestricted in the Water and Sewer Fund. The unrestricted deficit occurred in the governmental funds due to the issuance of debt for public school construction, although the assets are held by the Board of Education.
- Total net assets of the County have decreased by \$56.8 million, a decrease which is \$55.5 million less than the prior year decrease. Expenditures for governmental activities decreased \$11.4 million, primarily in the areas of general government and education while increases in property tax and income tax revenue contributed to the increase of \$42.7 million in revenue from governmental activities. In the business-type activities, capital contributions increased by \$2.6 million and investment income decreased by \$1.7 million, contributing to the \$0.9 million increase in net assets.

Fund Level:

- The County's governmental funds reported combined fund balances of \$268.4 million, an increase of \$72.0 million. The greatest net change in fund balance occurred in the Capital Project Fund, where a decrease in expenditures of \$28.2 million, combined with a \$10.5 million increase in revenue contributed to the \$54.1 million increase in fund balance. Approximately 75.9 percent of the total fund balance, \$203.6 million, is available to meet the County's current and future needs, though \$173.9 million of the unreserved fund balance is designated for future use, credit rating and other purposes.
- Unreserved fund balance for the General Fund was \$57.0 million, or 13.0 percent of total General Fund expenditures. Designated fund balance of the General Fund was \$48.9 million, or 85.7 percent of unreserved fund balance, leaving \$8.1 million of unreserved and undesignated fund balance in the General Fund.
- The business-type operating activities revenue increased by \$1.0 million or 4.1 percent and the operating loss decreased by \$1.1 million or 8.1 percent.

Long-term Debt:

- The County's total bond, note and capital lease debt increased by \$156.6 million during the current fiscal year. The increase is due to debt principal payments of \$36.5 million and refunded debt of \$27.5 million offset by general obligation bond sale proceeds of \$143.6 million, general obligation refunding proceeds of \$25.2 million, a note payable of \$1.2 million for the purchase of land, Water and Sewer bond sale proceeds of \$50.0 million, and Water and Sewer refunding proceeds of \$0.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position and condition of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, landfill, economic development, agricultural preservation, parks and recreation and general administrative services. The business-type activities of the County include water and sewer operations.

The government-wide financial statements include not only the County, known as the *primary government*, but also legally separate component units. The County has the following component units: Board of Education of Harford County, Harford Community College, Harford County Library, and Harford Center, Inc. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 14 to 17 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing

decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Assets and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains six individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project and Parks and Recreation Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all six governmental funds.

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund and Agricultural Land Preservation Fund. A budgetary comparison statement has been provided for each of the three major funds, the General, Highways and Agricultural Preservation Fund, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18 to 25 of this report.

Proprietary funds The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements; the County's Water and Sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management and fleet management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 34 to 87 of this report.

Financial Analysis of the County as a Whole

The County's net assets are divided into three categories; invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. The largest portion of the County's net assets, \$913.0 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, buildings, machinery, equipment, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net assets, at \$77.9 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net assets and the two categories of net assets just discussed be recorded as unrestricted net assets regardless of any negative balances that may result. Unrestricted net assets of the total primary government are a negative \$247.2 million; business-type activities have a balance of \$114.5 million unrestricted net assets while the unrestricted net assets for governmental activities are a negative \$361.7 million. The major reason for negative unrestricted net assets in the governmental funds relates to the building of schools. Counties in the State of Maryland issue debt for public school construction; however school buildings are recorded as assets of each public school system. Although net assets, as noted

earlier, are an indicator of a government's overall financial condition, the issuance of debt for Board of Education and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Assets. A \$193.6 million Public Improvement Bond was issued during fiscal year 2010, \$117.2 million of which was for Board of Education capital projects and \$0.4 million for Harford Community College construction projects. In the County, assets exceeded liabilities by \$743.7 million at the close of the fiscal year.

The County's net assets decreased by \$56.8 million during the current fiscal year. The net assets of governmental activities decreased \$57.7 million during fiscal year 2010, a decrease which is \$54.2 million less than the fiscal year 2009 decrease. Program expenses decreased \$10.8 million from fiscal year 2009 while general revenues, primarily property tax and income tax, increased \$34.2 million and program revenues increased \$10.5 million over fiscal year 2009.

The greatest net change in revenue is in income taxes, which increased \$19.8 million, or 14.5 percent from fiscal year 2009. However, in comparing the income tax revenue for fiscal years 2009 and 2010 at the government-wide level, it must be noted that during fiscal year 2009, the State of Maryland moved funds from the local tax reserve trust account to their general fund to help balance their 2010 budget. This decreased the government-wide income tax accrual by \$14.8 million. Property tax revenue increased \$17.3 million, or 6.4 percent, during fiscal year 2010, contributing to the change in net assets for governmental activities. In the business-type activities, an increase in capital contributions of \$2.6 million, offset by a decrease of \$1.7 million in investment earnings, have contributed to the \$0.9 million increase in net assets. The following tables summarize net assets and the changes in net assets for governmental and business-type activities:

Harford County--Net Assets

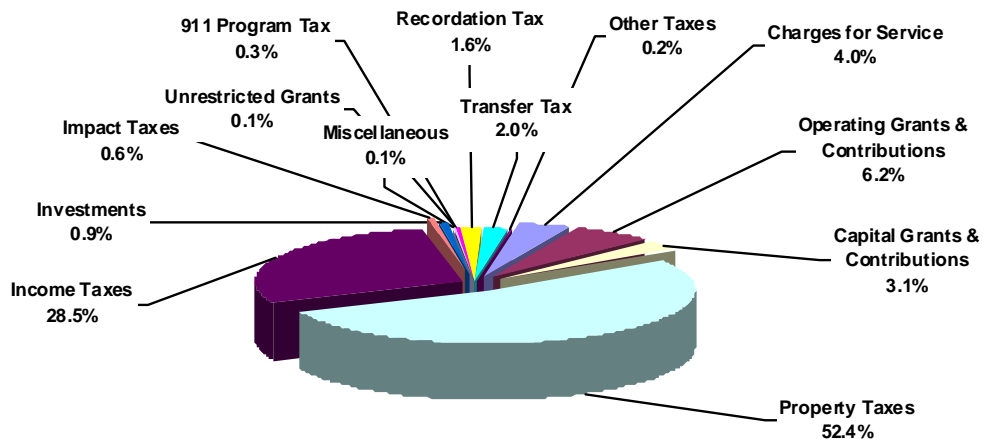
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current & Other Assets	\$ 364,520,806	\$ 297,043,823	\$ 185,635,139	\$ 173,141,416	\$ 550,155,945	\$ 470,185,239
Capital Assets	643,349,142	638,662,393	367,351,325	333,504,108	1,010,700,467	972,166,501
Total Assets	<u>1,007,869,948</u>	<u>935,706,216</u>	<u>552,986,464</u>	<u>506,645,524</u>	<u>1,560,856,412</u>	<u>1,442,351,740</u>
Long-term Liabilities	580,456,084	457,295,565	131,774,699	91,035,264	712,230,783	548,330,829
Other Liabilities	83,617,123	76,887,316	21,321,024	16,621,164	104,938,147	93,508,480
Total Liabilities	<u>664,073,207</u>	<u>534,182,881</u>	<u>153,095,723</u>	<u>107,656,428</u>	<u>817,168,930</u>	<u>641,839,309</u>
Net Assets:						
Invested in capital						
assets net related debt	627,603,989	559,243,688	285,389,182	277,437,097	912,993,171	836,680,785
Restricted	77,888,816	78,842,512	-	-	77,888,816	78,842,512
Unrestricted	<u>(361,696,064)</u>	<u>(236,562,865)</u>	<u>114,501,559</u>	<u>121,551,999</u>	<u>(247,194,505)</u>	<u>(115,010,866)</u>
Total Net Assets	<u>\$ 343,796,741</u>	<u>\$ 401,523,335</u>	<u>\$ 399,890,741</u>	<u>\$ 398,989,096</u>	<u>\$ 743,687,482</u>	<u>\$ 800,512,431</u>

Harford County Government-Changes in Net Assets

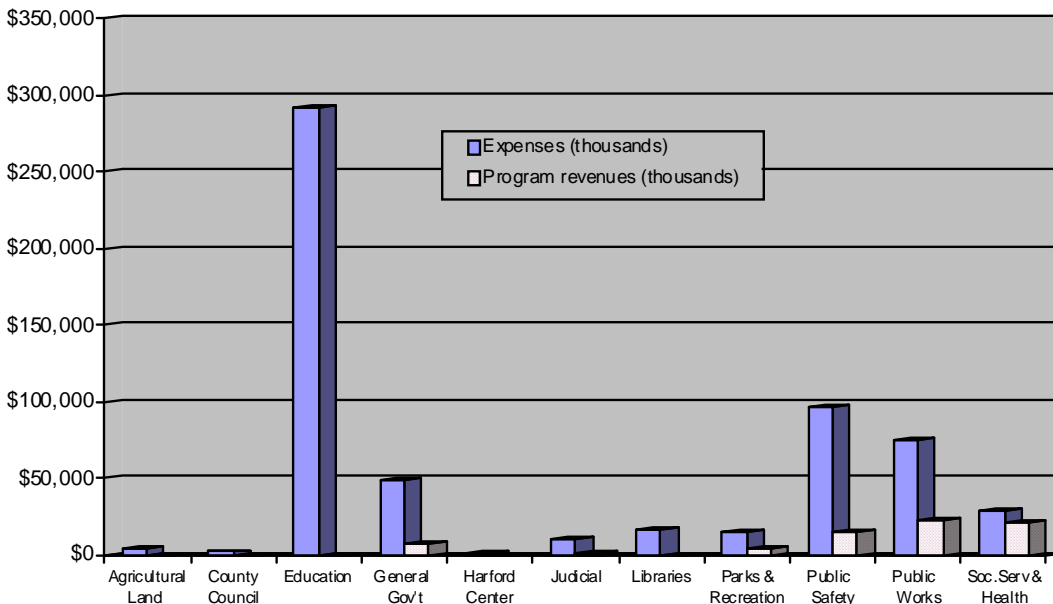
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Revenues:</u>						
Program revenues:						
Charges for Services	\$ 21,977,165	\$ 20,262,902	\$ 24,994,995	\$ 24,001,673	\$ 46,972,160	\$ 44,264,575
Operating Grants & Contributions	33,788,214	36,473,746	-	-	33,788,214	36,473,746
Capital Grants & Contributions	17,130,252	9,210,506	12,941,591	10,366,224	30,071,843	19,576,730
General revenues:						
Property taxes	286,733,047	269,385,374	-	-	286,733,047	269,385,374
Income taxes	155,948,152	136,159,443	-	-	155,948,152	136,159,443
Impact fees	3,499,446	2,436,848	-	-	3,499,446	2,436,848
911 Program taxes	1,684,100	1,716,446	-	-	1,684,100	1,716,446
Recordation taxes	8,530,100	7,862,098	1,706,028	1,572,507	10,236,128	9,434,605
Transfer taxes	11,098,306	9,146,529	-	-	11,098,306	9,146,529
Other taxes	797,931	758,931	-	-	797,931	758,931
Investment earnings	5,094,195	7,883,023	2,773,806	4,488,011	7,868,001	12,371,034
Unrestricted Grants & Contributions	132,964	100,161	-	-	132,964	100,161
Miscellaneous	553,164	2,863,224	-	-	553,164	2,863,224
Total Revenues	546,967,036	504,259,231	42,416,420	40,428,415	589,383,456	544,687,646
Program Expenses:						
Agricultural Land Preservation	4,249,774	5,695,097	-	-	4,249,774	5,695,097
County Council	2,148,195	2,243,875	-	-	2,148,195	2,243,875
Education	291,542,340	319,330,062	-	-	291,542,340	319,330,062
General Government	48,547,861	51,703,093	-	-	48,547,861	51,703,093
Harford Center	553,036	582,143	-	-	553,036	582,143
Judicial	9,943,671	10,206,733	-	-	9,943,671	10,206,733
Libraries	16,446,279	16,809,566	-	-	16,446,279	16,809,566
Parks and Recreation	17,598,714	14,431,566	-	-	17,598,714	14,431,566
Public Safety	96,984,770	95,086,768	-	-	96,984,770	95,086,768
Public Works	74,378,929	60,809,936	-	-	74,378,929	60,809,936
Health/Social Services	29,228,702	28,677,264	-	-	29,228,702	28,677,264
Unallocated Debt						
Interest and Other Costs	13,071,359	10,563,561	-	-	13,071,359	10,563,561
Water and Sewer	-	-	41,514,775	40,862,648	41,514,775	40,862,648
Total Expenses	604,693,630	616,139,664	41,514,775	40,862,648	646,208,405	657,002,312
Change in Net Assets	(57,726,594)	(111,880,433)	901,645	(434,233)	(56,824,949)	(112,314,666)
Net Assets-Beginning	401,523,335	513,403,768	398,989,096	399,423,329	800,512,431	912,827,097
Net Assets-Ending	\$ 343,796,741	\$ 401,523,335	\$ 399,890,741	\$ 398,989,096	\$ 743,687,482	\$ 800,512,431

Governmental activities: The net assets of governmental activities decreased \$57.7 million during fiscal year 2010. Total expenses decreased 1.9 percent for a total of \$11.4 million. The two greatest decreases in expenses are in Education and General Government. The Education decrease of \$27.8 million can be largely attributed to the nearing completion status of several large secondary school capital construction projects. The General Government decrease of \$3.2 million in expenses is due, in part, to the reporting of Other Post Employment Benefits within each respective governmental function rather than solely in the General Government function.

Revenues by Source-Governmental Activities



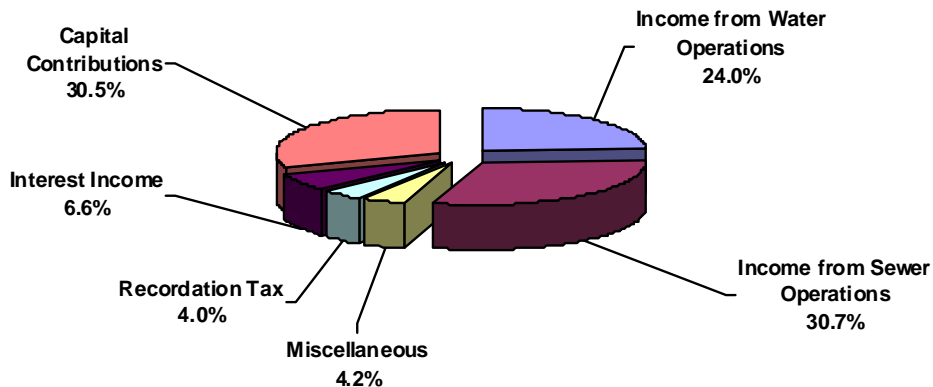
Expenses and Program Revenues-Governmental Activities



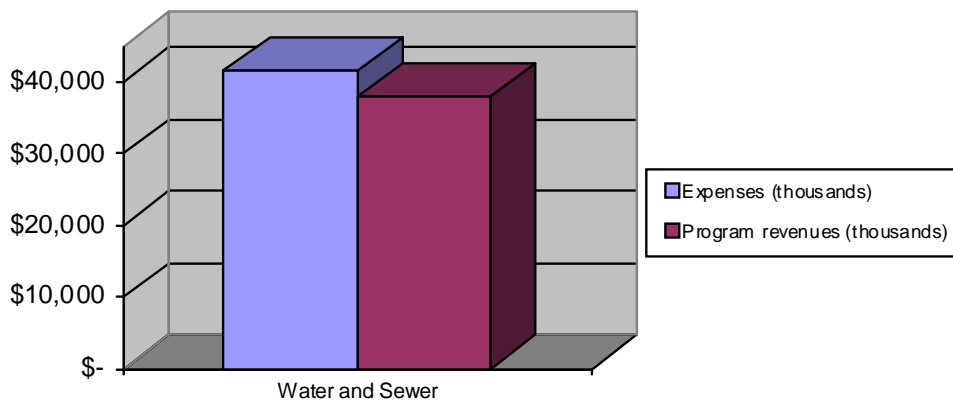
Business-type activities: Business-type activities recorded an increase in net assets of \$0.9 million. Key elements are as follows.

- The most significant increase occurred in capital contributions due largely to a \$3.0 million additional water capacity charge paid to the County by a local municipality.
- A decrease in investment income contributed to the \$1.6 million decrease in non operating income.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the government's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$268.4 million, an increase of \$72.0 million in comparison with the prior year. Approximately 75.9 percent of this total amount, or \$203.6 million, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$64.8 million, is *reserved* to indicate that it is not available for new spending because it has been committed to: 1) liquidate contracts and purchase orders of the prior period, \$40.1 million; 2) for dedicated revenues, \$22.1 million; 3) for inventories, \$2.0 million; or 4) for a loan receivable of \$0.6 million. The reserved fund balance, at 24.1 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$57.0 million, while total fund balance reached \$79.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13.0 percent of total General Fund expenditures, while total fund balance represents 18.3 percent of that same amount.

The fund balance of the County's General Fund increased by \$9.9 million during the current fiscal year. The increase is primarily due to an increase in property tax revenues of \$18.1 million over fiscal year 2009, offset by a \$7.2 million decrease in income tax revenue. Falling interest rates contributed to the drop in investment income of \$2.7 million. A decrease in general fund expenditures of \$1.8 million over fiscal year 2009 helped to lessen the impact of a \$3.2 million decline in revenue from other agencies, charges for services and other miscellaneous revenue. The 2010 bond sale resulted in a bond premium of \$14.4 million, an increase of \$6.2 million over the fiscal year 2009 bond sale premium.

The Highways Fund has a total fund balance of \$21.5 million, representing a decrease of \$0.8 million from the prior fiscal year. A decrease of \$11.2 million in revenue received from the State Highway User Tax as well as a reduction of \$5.3 million in pay go transfers, contributed to the decrease in fund balance. The Highways Fund has 82.6 percent of its total fund balance unreserved. Of this amount, 18.3 percent is designated for credit rating purposes and future use.

The Grant Fund has a total fund balance of \$8.7 million. The \$4.0 million increase in fund balance over the prior fiscal year is due primarily to an increase in grant revenues.

The Agricultural Land Preservation Fund has an unreserved fund balance of \$45.5 million, an increase of \$4.8 million over the prior year. Of the unreserved fund balance, \$42.0 million is designated for future payments of principal on development rights. There were no purchases of development rights during fiscal year 2010. This, combined with an increase of \$1.0 million in transfer tax revenue and a \$1.3 million increase in interest earned on long term investments, contributed to the increase in fund balance.

The Capital Project Fund has a total fund balance of \$112.7 million; a \$54.1 million increase over the prior fiscal year. Recordation and transfer tax receipts increased \$1.6 million and revenue from other State and Federal agencies increased \$9.9 million, which included a \$5.8 million contribution to the Harford County Detention Center expansion project. A 2010 bond sale of \$143.6 million contributed to the overall increase in fund balance. Of the total fund balance, \$79.7 million is unreserved, but

designated for future capital project expenditures. Unspent bond proceeds of \$69.1 million make up 61.3 percent of the total fund balance.

Proprietary funds The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$114.5 million and unrestricted net assets of the Internal Service Funds totaled \$8.6 million. The Water and Sewer Fund net assets increased by \$0.9 million while the Internal Service Fund net assets increased by \$0.5 million. Other factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget of the General Fund was increased by \$28,885,874 over the original budget to provide appropriation authority for the refunding bond of 2010. A one time retirement incentive for eligible County employees increased the appropriated fund balance by \$7,357,727. A supplemental appropriation was also done to provide \$30,000 in funding for the annual County farm fair. Final budget variances from the original budget include a \$2.4 million decrease in revenue from the State of Maryland for the Board of Prisoners and \$2.8 million less in investment income earned. A conservative spending policy led to the 2.7 percent decrease in actual General Fund expenditures compared to the final budget.

Capital Asset and Debt Administration

Capital assets The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$1.0 billion (net of accumulated depreciation). This investment in capital assets includes land, development rights, buildings, improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges and construction in process. The total increase in the County's investment in capital assets for the current fiscal year was 4.0 percent; a 0.7 percent increase for governmental activities and a 10.2 percent increase for business-type activities.

The County's Capital Assets

(Net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 233,289,372	\$ 230,139,499	\$ 1,973,277	\$ 1,968,528	\$ 235,262,649	\$ 232,108,027
Development Rights	108,566,236	106,957,627	-	-	108,566,236	106,957,627
Construction in Process	115,380,355	116,547,081	69,112,404	36,474,645	184,492,759	153,021,726
Buildings	52,631,658	51,883,975	81,111,989	80,076,124	133,743,647	131,960,099
Improvements	15,247,214	16,320,137	211,230,340	210,980,476	226,477,554	227,300,613
Equipment	6,690,489	10,202,388	3,123,286	2,956,154	9,813,775	13,158,542
Vehicles	16,357,455	18,421,667	800,029	1,048,181	17,157,484	19,469,848
Infrastructure	95,186,363	88,190,019	-	-	95,186,363	88,190,019
Total	\$ 643,349,142	\$ 638,662,393	\$ 367,351,325	\$ 333,504,108	\$ 1,010,700,467	\$ 972,166,501

Major capital asset events during the current fiscal year included the following:

- The Harford County Detention Center is undergoing a 288 bed expansion for medium security inmates. During fiscal year 2010, \$1.7 million of the \$32.0 million appropriated for the project was spent. Appropriation for the project was increased from \$29.3 million to \$32.0 million. Total project expenditures to date are \$30.5 million.
- The Abingdon Water Treatment Plant Expansion project is nearing completion. Total appropriation was reduced during fiscal year 2010 from \$81.4 million to \$74.4 million. During fiscal year 2010, \$35.9 million was spent for total expenditures to date of \$51.5 million. The project will allow for an increase in the existing capacity of the water treatment plant from 10mgd to 20mgd as well as provide enhancements to plant safety and reliability.
- The Harford Waste Disposal Center project received an additional appropriation of \$7.1 million during fiscal year 2010 for the permitting, engineering and construction of landfill cells, gas control and leachate management. Total project cost is estimated to be \$51.8 million. During fiscal year 2010, \$8.0 of the \$20.4 million appropriation received to date was spent.

Additional information on Harford County's capital assets can be found in Note 4C, pages 55 and 56 of this report.

Education Capital Expenditures:

Board of Education and Community College projects made up 49.0 percent of the fiscal year 2010 Capital Budget. Some of the major expenditures were:

- The Bel Air High School Replacement Project has a total projected cost of \$78.2 million. During fiscal year 2010, \$10.6 million of the total appropriation was spent, increasing total project expenses to \$75.5 million. Appropriation for the project was increased during fiscal year 2010 from \$70.9 million to \$78.2 million.
- The Deerfield Elementary School Modernization project has a total projected cost of \$36.2 million. During fiscal year 2010, \$4.2 million appropriation was added to the project for total appropriation to date of \$23.6 million. The project provides for the replacement of the facility, originally constructed in 1963. During fiscal year 2010, \$9.7 million was spent for total expenditures to date of \$21.1 million.
- The Edgewood High School Replacement Project received additional appropriation of \$37.2 million during fiscal year 2010 for total appropriation to date of \$83.5 million. During the current year, \$31.9 million was spent, bringing total project expenses to date to \$70.8 million. The total projected cost for the on-site replacement and expansion of Edgewood High School, originally constructed in 1954, is estimated at \$89.9 million.

Long-term debt At the end of the current fiscal year, the County had total debt outstanding of \$635.1 million. Of this amount, \$128.4 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$57.1 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one percent of the transfer tax levy.

The County's Outstanding Debt

Bonds, Notes and Capital Leases

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Bonded						
Debt	\$ 482,305,858	\$ 359,657,595	\$ 128,242,149	\$ 88,110,699	\$ 610,548,007	\$ 447,768,294
Notes Payable	9,582,561	10,181,999	36,089	71,406	9,618,650	10,253,405
Capital Leases	14,801,760	20,325,902	134,150	197,564	14,935,910	20,523,466
	<u>\$ 506,690,179</u>	<u>\$ 390,165,496</u>	<u>\$ 128,412,388</u>	<u>\$ 88,379,669</u>	<u>\$ 635,102,567</u>	<u>\$ 478,545,165</u>

The County's total debt increased by \$156.6 million, 32.7 percent, during the current fiscal year. For the governmental activities, total debt increased \$116.5 million due to a general obligation bond sale of \$143.6 million, a refunding bond of \$25.2 million, and a note payable of \$1.2 million off set by principal payments and reductions of \$26.6 million and \$26.9 million debt refunded. In business-type activities, debt principal payments and reductions of \$9.9 million and \$0.6 million debt refunded were offset by a general obligation bond sale of \$50.0 million, and a refunding bond of \$0.6 million.

During fiscal year 2010, the County received an upgrade in its bond rating by two rating agencies. Fitch assigned a "AAA" rating and Moody's Investor Service assigned a "Aaa" rating to the 2010 General Obligation Bonds, the highest ratings for both agencies. The rating from Standard and Poors Corp. remains unchanged at "AA+."

State statutes limit the amount of general obligation debt a government entity may issue up to 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent of the net assessed valuation of real property. The current debt limitation for the County is \$1.8 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 4F on pages 61 to 71 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenues for fiscal year 2011 have been set to the constant yield rate and the County Real Property Tax Rate has been decreased from \$1.064 to \$1.042 per \$100 of the assessed valuation. The taxable assessable base for the County continues to show increases in value, but due to a slowing of the economy, the growth rate for fiscal year 2011 is projected to be 1.7 percent. Net property tax receipts recorded in the General Fund for fiscal year 2011 are expected to grow by 1.87 percent over those projected for fiscal year 2010. Despite the reduction in the property tax rate, tax revenues are projected to grow, although at a slower rate, as State assessment increases are phased in over a three year period.
- Income tax revenues are projected to decline over the previous year due, in part, to rising unemployment, a slowdown in the overall economy, carryover capital losses, and a decrease in consumer spending which limits the growth of taxable income. These factors are projected to lower the County's income tax receipts by \$5.7 million. As a result, income tax receipts are projected to decline by 3.67 percent for fiscal year 2011.

- Recordation tax is imposed, by State law, on every instrument of writing recorded with the Clerk of the Circuit Court. Revenues from recordation tax are budgeted at \$17.3 million for fiscal year 2011, an increase of 8.0 percent over fiscal year 2010 collections of recordation tax. A slight increase in home sales, combined with foreclosure activity, have contributed to the anticipated increase.
- The Board of Education is being funded at \$214.1 million, an increase of 1.5 percent over fiscal year 2010 in order to meet the Maryland State required Maintenance of Effort funding law. The Board of Education fiscal year 2011 capital budget contains thirty seven planned projects totaling \$24.9 million. Of the total General Fund debt service budget, 56.5 percent is allocated for school debt.
- For fiscal year 2011, Harford Community College is funded at \$1.0 million less than fiscal year 2010. For fiscal year 2011, the State of Maryland reduced its funding for the College, temporarily removing the maintenance of effort requirement for the County funding of the College.

These and other economic factors were considered when preparing the fiscal year 2011 General Fund budget. The General Fund budget increase of \$8.2 million over fiscal year 2010 was necessitated by debt service requirements which have grown by over \$12.3 million. Over 75 percent of this increase is for Board of Education construction projects. In anticipation of revenue shortfalls, expenditures have been carefully monitored and trimmed during the past two fiscal years. Expenditures for fiscal year 2011 will continue to be tightened and trimmed where possible. Since 2008, the County workforce has been reduced from 1,413 to 1,225, a 13.3 percent reduction. This reduction, when combined with staffing changes brought about by the retirement incentive program, has resulted in a \$3.0 million decrease in salary costs for fiscal year 2011.

There are no new taxes to fund the fiscal year 2011 budget. The income tax rate of 3.06 percent is unchanged. The real property tax rate, as mentioned earlier, was lowered from \$1.064 to \$1.042 per \$100 of assessed value. The Homestead Tax Credit rate was lowered from 10 percent to 9 percent for Harford County for fiscal year 2009 and will be lowered in fiscal year 2011 to 5 percent.

The Water and Sewer Fund rates will decrease by .4 percent for fiscal year 2011. The Water and Sewer rates affect both residential and industrial consumers by adjusting rates to the change in the Consumer Price Index each fiscal year. Fiscal year 2011 will be the first year since the CPI adjustment factor went into effect in 1995 that the rates will be decreased.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Harford County Government, 220 S. Main Street, Bel Air, Maryland, 21014.

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit, contact information can be found on page 34 of this report.

Basic Financial Statements

HARFORD COUNTY, MARYLAND

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Equity in Pooled Cash and Investments	\$ 173,984,010	\$ 86,661,891	\$ 260,645,901
Cash and Investments	32,436	650	33,086
Taxes and Accounts Receivable (Net)	3,685,012	8,360,939	12,045,951
Federal and State Receivable	50,652,852	849,547	51,502,399
Internal Balances	(39,204)	39,204	-
Due From Primary Government	-	-	-
Inventories	2,019,073	1,271,990	3,291,063
Loans Receivable	3,370,300	-	3,370,300
Other Assets	131,282	-	131,282
Deposit with Trustee	2,458,412	-	2,458,412
Benefit Assessments	870,428	41,308,329	42,178,757
Restricted Assets—Cash & Investments	125,149,482	46,450,245	171,599,727
Unamortized Bond Costs	2,206,723	692,344	2,899,067
Capital Assets:			
Land, Land Improvements, Development Rights and CIP	457,235,963	71,085,681	528,321,644
Other Capital Assets, Net of Depreciation	186,113,179	296,265,644	482,378,823
Total Assets	<u>\$ 1,007,869,948</u>	<u>\$ 552,986,464</u>	<u>\$ 1,560,856,412</u>
LIABILITIES			
Accounts Payable	\$ 11,546,017	\$ 3,887,986	\$ 15,434,003
Cash Overdraft	-	-	-
Due to Component Units	19,383,653	-	19,383,653
Retainages Payable	2,280,370	3,582,614	5,862,984
Payable to State of Maryland	221,706	1,361,884	1,583,590
Accrued Expenses	14,810,602	1,702,987	16,513,589
Unearned Revenue	2,939,186	2,271	2,941,457
Performance Deposits	729,165	79,896	809,061
Premium	29,697,147	7,824,394	37,521,541
Escrow Accounts	1,595,867	2,859,738	4,455,605
Other Liabilities	413,410	19,254	432,664
Noncurrent Liabilities:			
Due within one year	37,805,979	11,884,257	49,690,236
Due in more than one year	542,650,105	119,890,442	662,540,547
Total Liabilities	<u>664,073,207</u>	<u>153,095,723</u>	<u>817,168,930</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	627,603,989	285,389,182	912,993,171
Restricted for:			
Highways Projects	21,523,396	-	21,523,396
Agricultural Land Preservation	45,506,675	-	45,506,675
Board of Education	1,283,274	-	1,283,274
Grant Programs	8,684,777	-	8,684,777
Other Purposes	890,694	-	890,694
Unrestricted	(361,696,064)	114,501,559	(247,194,505)
Total Net Assets	<u>343,796,741</u>	<u>399,890,741</u>	<u>743,687,482</u>
Total Liabilities and Net Assets	<u>\$ 1,007,869,948</u>	<u>\$ 552,986,464</u>	<u>\$ 1,560,856,412</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Statement of Net Assets

June 30, 2010

(continued)

Exhibit 1

Component Units			
Board of Education	Harford Center, Inc.	Harford Community College	Harford County Library
\$ -	\$ -	\$ -	\$ -
24,837,259	1,279,858	30,312,477	3,857,985
975,596	2,749	1,163,515	46,098
3,446,957	-	509,000	6,132
-	-	-	-
19,301,945	-	5,600	76,108
799,366	-	550,216	-
-	-	-	-
-	-	378,323	10,856
6,758,738	-	1,543,585	1,883,625
-	-	-	-
-	-	5,346,182	-
-	-	-	-
211,386,719	-	8,377,872	-
332,470,000	530,428	57,695,913	4,847,235
<u>\$ 599,976,580</u>	<u>\$ 1,813,035</u>	<u>\$ 105,882,683</u>	<u>\$ 10,728,039</u>
\$ 15,744,708	\$ 45,139	\$ 2,267,911	\$ 73,137
1,924,383	-	-	483,772
-	-	-	-
-	-	-	-
-	-	-	-
2,232,444	61,524	662,893	291,157
162,560	-	2,367,303	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	504,583	32,106
1,589,700	-	96,844	12,886
119,764,247	-	1,113,280	3,978,275
<u>141,418,042</u>	<u>106,663</u>	<u>7,012,814</u>	<u>4,871,333</u>
533,572,077	530,428	66,073,785	4,847,235
-	-	-	-
-	-	-	-
-	-	-	-
9,747,082	5,356	5,959,023	48,802
(84,760,621)	1,170,588	26,837,061	960,669
458,558,538	1,706,372	98,869,869	5,856,706
<u>\$ 599,976,580</u>	<u>\$ 1,813,035</u>	<u>\$ 105,882,683</u>	<u>\$ 10,728,039</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Statement of Activities For The Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Revenues
Primary Government:					
Government Activities					
Agricultural Preservation	\$ 4,249,774	\$ -	\$ 174,614	\$ -	\$ 174,614
County Council	2,148,195	-	83,635	-	83,635
Education-Primary thru Com. College	291,542,340	-	-	-	-
General Government	48,547,861	2,407,582	5,020,377	-	7,427,959
Harford Center	553,036	-	-	-	-
Judicial	9,943,671	-	1,460,465	-	1,460,465
Libraries	16,446,279	-	-	-	-
Parks and Recreation	17,598,714	1,132,171	246,783	3,307,243	4,686,197
Public Safety	96,984,770	4,029,330	5,750,572	5,815,000	15,594,902
Public Works	74,378,929	13,345,821	2,246,190	6,878,973	22,470,984
Social Services & Health	29,228,702	1,062,261	18,805,578	1,129,036	20,996,875
Unallocated Debt Interest and Other Costs	13,071,359	-	-	-	-
Total Government Activities	604,693,630	21,977,165	33,788,214	17,130,252	72,895,631
Business-type Activities					
Water and Sewer	41,514,775	24,994,995	-	12,941,591	37,936,586
Total Business-type Activities	41,514,775	24,994,995	-	12,941,591	37,936,586
Total Primary Government	\$ 646,208,405	\$ 46,972,160	\$ 33,788,214	\$ 30,071,843	\$ 110,832,217
Component Units:					
Board of Education	\$ 548,787,877	\$ 9,825,325	\$ 122,435,621	\$ 85,054,404	\$ 217,315,350
Harford Center, Inc.	1,757,209	24,094	1,390,442	-	1,414,536
Harford Community College	51,308,090	16,307,642	37,245,833	2,140,085	55,693,560
Harford County Library	20,195,857	810,994	3,123,719	-	3,934,713
Total Component Units	\$ 622,049,033	\$ 26,968,055	\$ 164,195,615	\$ 87,194,489	\$ 278,358,159

General Revenues:

Taxes:

- Property Taxes
- Income Taxes
- Impact Taxes
- 911 Program Taxes
- Recordation Taxes
- Transfer Taxes
- Other Taxes

Investment Earnings

Grants and Contributions not Restricted to Specific Purposes

Miscellaneous

Total General Revenues

Change in net assets

Net Assets--Beginning

Net Assets--Ending

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Statement of Activities

For The Year Ended June 30, 2010

(continued)

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Board of Education	Harford Center, Inc.	Harford Community College	Harford County Library
\$ (4,075,160)	\$ -	\$ (4,075,160)	\$ -	\$ -	\$ -	\$ -
(2,064,560)	-	(2,064,560)	-	-	-	-
(291,542,340)	-	(291,542,340)	-	-	-	-
(41,119,902)	-	(41,119,902)	-	-	-	-
(553,036)	-	(553,036)	-	-	-	-
(8,483,206)	-	(8,483,206)	-	-	-	-
(16,446,279)	-	(16,446,279)	-	-	-	-
(12,912,517)	-	(12,912,517)	-	-	-	-
(81,389,868)	-	(81,389,868)	-	-	-	-
(51,907,945)	-	(51,907,945)	-	-	-	-
(8,231,827)	-	(8,231,827)	-	-	-	-
(13,071,359)	-	(13,071,359)	-	-	-	-
(531,797,999)	-	(531,797,999)	-	-	-	-
-	(3,578,189)	(3,578,189)	-	-	-	-
-	(3,578,189)	(3,578,189)	-	-	-	-
(531,797,999)	(3,578,189)	(535,376,188)	-	-	-	-
-	-	-	(331,472,527)	-	-	-
-	-	-	-	(342,673)	-	-
-	-	-	-	-	4,385,470	-
-	-	-	-	-	-	(16,261,144)
-	-	-	(331,472,527)	(342,673)	4,385,470	(16,261,144)
286,733,047	-	286,733,047	-	-	-	-
155,948,152	-	155,948,152	-	-	-	-
3,499,446	-	3,499,446	-	-	-	-
1,684,100	-	1,684,100	-	-	-	-
8,530,100	1,706,028	10,236,128	-	-	-	-
11,098,306	-	11,098,306	-	-	-	-
797,931	-	797,931	-	-	-	-
5,094,195	2,773,806	7,868,001	39,601	6,064	575,440	10,294
132,964	-	132,964	358,549,879	553,036	389,203	15,312,147
553,164	-	553,164	2,486,813	-	-	-
474,071,405	4,479,834	478,551,239	361,076,293	559,100	964,643	15,322,441
(57,726,594)	901,645	(56,824,949)	29,603,766	216,427	5,350,113	(938,703)
401,523,335	398,989,096	800,512,431	428,954,772	1,489,945	93,519,756	6,795,409
\$ 343,796,741	\$ 399,890,741	\$ 743,687,482	\$ 458,558,538	\$ 1,706,372	\$ 98,869,869	\$ 5,856,706

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Balance Sheet Governmental Funds June 30, 2010

	General	Highways	Grant
ASSETS			
Equity in Pooled Cash and Investments	\$ 62,014,500	\$ 21,626,480	\$ 4,912,448
Cash and Investments	32,086	-	-
Taxes and Accounts Receivable (Net)	3,171,633	347,050	165,846
Federal and State Receivable	38,846,241	1,029,500	6,398,362
Inventories	-	2,019,073	-
Loans Receivable	578,873	-	2,791,427
Other Assets	-	131,282	-
Deposit with Trustee	-	-	-
Benefit Assessment	-	-	-
Investments-Restricted	14,027,403	-	-
Total Assets	<u>\$ 118,670,736</u>	<u>\$ 25,153,385</u>	<u>\$ 14,268,083</u>
LIABILITIES			
Accounts Payable	\$ 3,292,514	\$ 1,050,037	\$ 1,117,645
Due to Component Units	-	-	-
Retainages Payable	-	-	-
Payable to State of Maryland	221,149	-	-
Accrued Expenditures	7,447,096	1,501,271	298,967
Unearned Revenue	1,010,203	-	1,248,008
Deferred Revenue	25,936,295	168,169	2,918,686
Performance Deposits	379,745	349,420	-
Escrow Accounts	155,868	561,092	-
Other Liabilities	413,410	-	-
Total Liabilities	<u>38,856,280</u>	<u>3,629,989</u>	<u>5,583,306</u>
FUND BALANCES			
Reserved	22,829,400	3,750,672	5,175,046
Unreserved:			
Designated for Future Use	9,798,932	1,011,269	-
Designated for Credit Rating Purposes	23,495,925	2,249,315	-
Designated for Other Purposes	15,564,136	-	-
Undesignated Major Funds	8,126,063	14,512,140	3,509,731
Undesignated Non Major Special Revenue Fund	-	-	-
Total Fund Balances	<u>79,814,456</u>	<u>21,523,396</u>	<u>8,684,777</u>
Total Liabilities and Fund Balances	<u>\$ 118,670,736</u>	<u>\$ 25,153,385</u>	<u>\$ 14,268,083</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Balance Sheet Governmental Funds June 30, 2010

(continued)

Exhibit 3

Agricultural Land Preservation	Capital Project	Non Major Parks & Recreation	Total Governmental Funds
\$ 3,471,136	\$ 67,171,877	\$ 189,308	\$ 159,385,749
-	-	350	32,436
-	-	483	3,685,012
-	4,378,749	-	50,652,852
-	-	-	2,019,073
-	-	-	3,370,300
-	-	-	131,282
-	1,191,984	-	1,191,984
-	870,428	-	870,428
42,038,898	69,083,181	-	125,149,482
<u>\$ 45,510,034</u>	<u>\$ 142,696,219</u>	<u>\$ 190,141</u>	<u>\$ 346,488,598</u>
\$ 523	\$ 5,928,795	\$ 20,767	\$ 11,410,281
-	19,383,653	-	19,383,653
-	2,280,370	-	2,280,370
-	-	557	221,706
2,836	-	15,938	9,266,108
-	680,975	-	2,939,186
-	870,428	-	29,893,578
-	-	-	729,165
-	866,722	12,185	1,595,867
-	-	-	413,410
<u>3,359</u>	<u>30,010,943</u>	<u>49,447</u>	<u>78,133,324</u>
-	33,008,426	8,861	64,772,405
-	79,676,850	17,327	90,504,378
-	-	-	25,745,240
42,038,898	-	-	57,603,034
3,467,777	-	-	29,615,711
-	-	114,506	114,506
<u>45,506,675</u>	<u>112,685,276</u>	<u>140,694</u>	<u>268,355,274</u>
<u>\$ 45,510,034</u>	<u>\$ 142,696,219</u>	<u>\$ 190,141</u>	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.

(39,204)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

638,751,869

Unamortized bond costs are not financial resources and therefore are not reported in the funds.

2,175,986

Some of the County's revenues will be collected after year-end, but not available soon enough to pay for the current period expenditures, and therefore are reported as deferred revenues in the funds.

29,893,578

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net assets.

9,539,483

Long-term liabilities, including bonds payable, compensated absences, bond premium, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.

(604,880,245)

Net Assets of Governmental Activities

\$ 343,796,741

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2010

	General	Highways	Grant
REVENUES			
Taxes	\$ 410,540,125	\$ 36,363,463	\$ -
Revenues from Other Agencies	1,567,504	2,199,320	29,426,880
Investment Income	501,637	87,656	141
Charges for Current Services	14,130,752	504,485	820,886
Miscellaneous	938,904	93,218	636,479
Licenses and Permits	3,152,131	-	-
Fines and Forfeitures	108,441	12,400	595,111
Total Revenues	<u>430,939,494</u>	<u>39,260,542</u>	<u>31,479,497</u>
EXPENDITURES			
Current:			
Agricultural Preservation	-	-	-
County Council	1,993,449	-	83,828
General Government	34,061,358	-	5,065,003
Education-Primary thru Comm. College	223,809,606	2,545,000	-
Harford Center	553,036	-	-
Judicial	7,396,637	-	1,793,843
Libraries	15,312,147	-	-
Parks, Recreation and Natural Resources	9,394,368	-	355,322
Public Safety	83,029,036	941,097	5,352,005
Public Works	14,594,039	29,092,727	50,283
Social Services	11,320,501	-	17,454,588
Capital Outlay	-	-	-
Debt Service:			
Principal	21,747,108	562,493	-
Interest	12,592,409	60,781	-
Administrative Costs	1,187,192	-	-
Total Expenditures	<u>436,990,886</u>	<u>33,202,098</u>	<u>30,154,872</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(6,051,392)</u>	<u>6,058,444</u>	<u>1,324,625</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	14,203,025	91,599	3,186,213
Transfers (Out)	(8,911,213)	(6,926,853)	(461,668)
Premium on Issuance of Bonds	14,355,353	-	-
Issuance of Bonds	25,161,828	-	-
Issuance of Notes Payable	-	-	-
Payment to Escrow Agent for Refunding	(28,885,874)	-	-
Total Other Financing Sources (Uses)	<u>15,923,119</u>	<u>(6,835,254)</u>	<u>2,724,545</u>
Net Change in Fund Balances	<u>9,871,727</u>	<u>(776,810)</u>	<u>4,049,170</u>
Fund Balances--Beginning	69,942,729	22,361,102	4,635,607
Increase in Inventory	-	(60,896)	-
Fund Balances--Ending	<u>\$ 79,814,456</u>	<u>\$ 21,523,396</u>	<u>\$ 8,684,777</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2010

(continued)

Exhibit 4

Agricultural Land Preservation	Capital Project	Non Major Parks & Recreation	Governmental Funds
\$ 5,549,153	\$ 14,079,254	\$ -	\$ 466,531,995
174,615	13,169,393	-	46,537,712
4,387,788	65,645	535	5,043,402
-	-	738,494	16,194,617
18,927	1,464,551	-	3,152,079
-	-	-	3,152,131
-	-	-	715,952
<u>10,130,483</u>	<u>28,778,843</u>	<u>739,029</u>	<u>541,327,888</u>
1,069,805	-	-	1,069,805
-	-	-	2,077,277
-	-	-	39,126,361
-	-	-	226,354,606
-	-	-	553,036
-	-	-	9,190,480
-	-	-	15,312,147
-	-	686,714	10,436,404
-	-	-	89,322,138
-	-	-	43,737,049
-	-	-	28,775,089
-	118,270,600	-	118,270,600
1,076,889	-	-	23,386,490
3,192,317	-	-	15,845,507
23,786	-	-	1,210,978
<u>5,362,797</u>	<u>118,270,600</u>	<u>686,714</u>	<u>624,667,967</u>
<u>4,767,686</u>	<u>(89,491,757)</u>	<u>52,315</u>	<u>(83,340,079)</u>
-	12,651,853	-	30,132,690
-	(13,832,956)	-	(30,132,690)
-	4,240	-	14,359,593
-	143,556,129	-	168,717,957
-	1,186,000	-	1,186,000
-	-	-	(28,885,874)
-	<u>143,565,266</u>	-	<u>155,377,676</u>
4,767,686	54,073,509	52,315	72,037,597
40,738,989	58,611,767	88,379	196,378,573
-	-	-	(60,896)
<u>\$ 45,506,675</u>	<u>\$ 112,685,276</u>	<u>\$ 140,694</u>	<u>\$ 268,355,274</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



HARFORD COUNTY, MARYLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Exhibit 5

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 72,037,597
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,693,054
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	5,588,355
The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(131,194,388)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(6,352,362)
Eliminating the effect of the internal service fund using the "look-back" method resulted in a decrease in expenses in the governmental activities in the statement of activities.	(48,669)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>549,819</u>
Change in net assets of governmental activities	\$ <u><u>(57,726,594)</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2010

	General			Variance With
	Budgeted Amounts		Actual Amounts	Final Budget
	Original	Final		Positive(Negative)
REVENUES				
Taxes	\$ 409,174,910	\$ 409,174,910	\$ 410,540,125	\$ 1,365,215
Revenues from Other Agencies	3,011,291	3,011,291	1,567,504	(1,443,787)
Investment Income	3,282,029	3,282,029	501,637	(2,780,392)
Charges for Current Services	16,413,638	16,413,638	14,130,752	(2,282,886)
Miscellaneous	10,015,664	10,015,664	9,904,368	(111,296)
Licenses and Permits	2,884,575	2,884,575	3,152,131	267,556
Fines and Forfeitures	112,175	112,175	108,441	(3,734)
Total Revenues	444,894,282	444,894,282	439,904,958	(4,989,324)
EXPENDITURES				
Current:				
Agricultural Preservation	-	-	-	-
County Council	2,181,756	2,181,756	1,997,660	184,096
General Government	40,147,791	47,535,518	39,992,109	7,543,409
Education-Primary thru Comm. College	226,854,606	226,854,606	226,354,606	500,000
Harford Center	553,036	553,036	553,036	-
Judicial	7,405,250	7,405,250	7,380,946	24,304
Libraries	15,312,147	15,312,147	15,312,147	-
Parks, Recreation and Natural Resources	9,711,034	9,711,034	9,415,808	295,226
Public Safety	85,436,548	85,436,548	83,608,126	1,828,422
Public Works	16,358,351	16,358,351	14,885,927	1,472,424
Social Services	11,922,753	11,922,753	11,314,565	608,188
	415,883,272	423,270,999	410,814,930	12,456,069
Debt Service	35,729,154	35,729,154	35,526,709	202,445
Total Expenditures	451,612,426	459,000,153	446,341,639	12,658,514
(Deficiency)/Excess of Revenues				
Over Expenditures	(6,718,144)	(14,105,871)	(6,436,681)	7,669,190
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	2,038,000	9,425,727	-	(9,425,727)
Transfers In	14,491,357	14,491,357	14,203,025	(288,332)
Transfers (Out)	(9,811,213)	(9,811,213)	(8,911,213)	900,000
Issuance of Bonds	-	28,885,874	25,161,828	(3,724,046)
Premium on Issuance of Bonds	-	-	14,355,353	14,355,353
Payment to Escrow Agent for Refunding	-	(28,885,874)	(28,885,874)	-
Total Other Financing				
Sources (Uses)	6,718,144	14,105,871	15,923,119	1,817,248
Net Change in Fund Balances	\$ -	\$ -	9,486,438	\$ 9,486,438
Less: Appropriated Fund Balance -				
Fund Balance - Beginning			73,310,751	
Prior Year Encumbrances Cancelled			206,937	
Increase in Inventory			-	
Fund Balance - Ending			\$ 83,004,126	

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2010
(continued)

Exhibit 6

Highways				Agricultural Land Preservation			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)
Original	Final			Original	Final		
\$ 35,562,995	\$ 35,562,995	\$ 36,363,463	\$ 800,468	\$ 3,550,000	\$ 3,550,000	\$ 5,549,153	\$ 1,999,153
6,395,719	6,395,719	2,199,320	(4,196,399)	100,000	100,000	174,615	74,615
168,980	168,980	87,656	(81,324)	247,177	247,177	4,387,788	4,140,611
3,796,100	3,796,100	3,559,822	(236,278)	-	-	-	-
4,881,836	4,881,836	4,458,053	(423,783)	-	-	18,927	18,927
-	-	-	-	-	-	-	-
7,500	7,500	12,400	4,900	-	-	-	-
50,813,130	50,813,130	46,680,714	(4,132,416)	3,897,177	3,897,177	10,130,483	6,233,306
-	-	-	-	1,113,525	1,183,525	1,069,503	114,022
-	-	-	-	-	-	-	-
3,045,000	3,045,000	2,545,000	500,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
941,097	941,097	941,097	-	-	-	-	-
37,299,776	42,432,780	37,644,402	4,788,378	-	-	-	-
-	-	-	-	-	-	-	-
41,285,873	46,418,877	41,130,499	5,288,378	1,113,525	1,183,525	1,069,503	114,022
628,275	628,275	623,274	5,001	4,319,206	4,349,206	4,292,992	56,214
41,914,148	47,047,152	41,753,773	5,293,379	5,432,731	5,532,731	5,362,495	170,236
8,898,982	3,765,978	4,926,941	1,160,963	(1,535,554)	(1,635,554)	4,767,988	6,403,542
2,270,299	7,403,303	1,908,313	(5,494,990)	1,535,554	1,635,554	-	(1,635,554)
263,719	263,719	91,599	(172,120)	-	-	-	-
(11,433,000)	(11,433,000)	(6,926,853)	4,506,147	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(8,898,982)	(3,765,978)	(4,926,941)	(1,160,963)	1,535,554	1,635,554	-	(1,635,554)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,767,988	\$ 4,767,988
		(1,908,313)				-	
		22,062,267				40,741,523	
		315,591				-	
		(60,896)				-	
		\$ 20,408,649				\$ 45,509,511	

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Statement of Net Assets

Proprietary Funds

June 30, 2010

Exhibit 7

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
ASSETS		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 86,661,891	\$ 14,598,261
Cash and Investments	650	-
Restricted Assets - Investments	46,450,245	-
Taxes and Accounts Receivable (Net)	8,360,939	-
Federal and State Receivable	849,547	-
Inventories	1,271,990	-
Deposit with Trustee	-	1,266,428
Benefit Assessments	2,670,457	-
Total Current Assets	<u>146,265,719</u>	<u>15,864,689</u>
Noncurrent Assets:		
Benefit Assessments	38,637,872	-
Unamortized Bond/Lease Costs	692,344	30,737
Capital Assets, Net of Depreciation		
Land	1,973,277	-
Construction in Process	69,112,404	-
Property, Plant & Equipment	296,265,644	4,597,273
Total Capital Assets	<u>367,351,325</u>	<u>4,597,273</u>
Total Noncurrent Assets	<u>406,681,541</u>	<u>4,628,010</u>
Total Assets	<u>\$ 552,947,260</u>	<u>\$ 20,492,699</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 1,001,724	\$ 135,736
Accounts Payable from Restricted Assets	2,886,262	-
Retainage Payable from Restricted Assets	3,582,614	-
Payable to the State of Maryland	1,361,884	-
Accrued Expenses	1,702,987	34,267
Deferred Revenue	2,271	-
Performance Deposits	79,896	-
Escrow Accounts	2,859,738	-
Other Liabilities	19,254	-
Compensated Absences-Current	1,436,317	-
Bonds Payable-Current	10,346,027	-
Loans Payable-Current	36,089	-
Leases Payable-Current	65,824	1,356,007
Estimated Current Liability for Claims in Process	-	1,132,596
Total Current Liabilities	<u>25,380,887</u>	<u>2,658,606</u>
Noncurrent Liabilities:		
Compensated Absences	1,925,994	-
Bonds Payable (net of unamortized discounts)	117,896,122	-
Leases Payable	68,326	4,329,337
Bond Premium	7,824,394	-
Estimated Liability for Claims in Process	-	3,965,273
Total Noncurrent Liabilities	<u>127,714,836</u>	<u>8,294,610</u>
Total Liabilities	<u>153,095,723</u>	<u>10,953,216</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	285,389,182	178,357
Restricted for Worker Compensation Claims	-	750,000
Unrestricted	114,462,355	8,611,126
Total Net Assets	<u>399,851,537</u>	<u>9,539,483</u>
Total Liabilities and Net Assets		<u>\$ 20,492,699</u>
The net result of the look-back approach for consolidating the Internal Service fund is an interfund receivable for the business-type activities in the Statement of Net Assets	<u>39,204</u>	
Net Assets of Business-Type Activities	<u>\$ 399,890,741</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit 8

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund Water and Sewer</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for Services	\$ -	\$ 5,078,959
Income from Water Operations	10,192,812	-
Income from Sewer Operations	13,035,891	-
Miscellaneous	1,766,292	132,317
Total Operating Revenues	<u>24,994,995</u>	<u>5,211,276</u>
Operating Expenses:		
General and Administrative Expenses	4,772,345	19,156
Operations and Maintenance-Water	10,538,691	-
Operations and Maintenance-Sewer	13,539,330	-
Insurance Claims and Expenses	-	3,708,667
Depreciation	9,063,569	775,862
Total Operating Expenses	<u>37,913,935</u>	<u>4,503,685</u>
Operating Income (Loss)	<u>(12,918,940)</u>	<u>707,591</u>
Non-operating Revenues (Expenses):		
Recordation Tax Revenue	1,706,028	-
Interest Income	2,773,806	50,793
Interest Expense	(3,350,685)	(200,368)
Other Income (Expense)	(298,824)	(8,197)
Total Non-operating Revenue (Expenses)	<u>830,325</u>	<u>(157,772)</u>
Income Before Contributions	(12,088,615)	549,819
Capital Contributions	12,941,591	-
Change in Net Assets	<u>852,976</u>	<u>549,819</u>
Total Net Assets--Beginning	398,998,561	8,989,664
Total Net Assets--Ending	<u>\$ 399,851,537</u>	<u>\$ 9,539,483</u>

**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund
Net Assets of the Enterprise Fund to the Statement of Activities:**

Net change in Net Assets --total business type activities	\$ 852,976
Eliminating the effect of the internal service fund, using the "look-back" method resulted in decreased expenses in the enterprise fund	<u>48,669</u>
Change in Net Assets of Business-Type Activities	<u>\$ 901,645</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2010

Exhibit 9

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 25,779,009	\$ -
Receipts from Interfund Services Provided	-	5,078,959
Receipts from Others for Claims	-	135,923
Receipts from Customer Deposits	808,539	-
Payment of Deposits to Customer	(397,890)	-
Payments to Employees for Services	(14,754,674)	-
Payments to Suppliers for Goods and Services	(13,319,963)	(495,905)
Payments for Claims	-	(3,495,976)
Net Cash (Used in) Provided by Operating Activities	<u>(1,884,979)</u>	<u>1,223,001</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(41,553,871)	(785,250)
Principal Payments on Long Term Debt	(10,130,055)	(1,314,656)
Proceeds from Bond/Lease Sale	50,627,043	-
Deposit with Trustee	-	691,652
Refund 2002 Bond	(650,000)	-
Premium and Accrued Interest, net of Underwriters Fees	3,795,817	-
Bond/Lease Service Costs	(480,489)	(7,924)
Interest Paid on Bonds/Leases	(3,475,336)	(200,368)
Proceeds from Federal and State Grants	150,696	-
Recordation Tax Revenue	1,683,938	-
Tap Fees in Excess of Connection Costs	12,791,847	-
Proceeds from Rental Income	41,019	-
Proceeds from Sale of Capital Assets	13,813	-
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>12,814,422</u>	<u>(1,616,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	2,776,459	50,793
Net Cash Provided by Investing Activities	<u>2,776,459</u>	<u>50,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>13,705,902</u>	<u>(342,752)</u>
Cash and Cash Equivalents, July 1 (including \$32,312,658 reported as restricted investments)	<u>119,406,884</u>	<u>14,941,013</u>
Cash and Cash Equivalents, June 30 (including \$46,450,245 reported as restricted investment)	<u>\$ 133,112,786</u>	<u>\$ 14,598,261</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Operating (Loss) Income	(12,918,940)	707,591
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	9,063,569	775,862
(Increase) Decrease in Accounts Receivable	806,177	3,608
(Increase) Decrease in Inventory	(147,409)	-
Increase (Decrease) in Accounts Payable	148,736	1,369
Increase (Decrease) in Accrued Payroll	67,686	-
Increase (Decrease) Estimated Payables for Future Claims	-	(265,429)
Increase (Decrease) in Performance Deposits	(6,050)	-
Increase (Decrease) in Escrow Accounts	402,180	-
Increase (Decrease) in Deferred Revenue	(7,644)	-
Increase (Decrease) in Compensated Absences	706,716	-
Net Cash (Used in) Provided by Operating Activities	<u>\$ (1,884,979)</u>	<u>\$ 1,223,001</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Developer Contributions of Capital Assets to the Water & Sewer Fund	<u>\$ 779,946</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7		
Equity in Pooled Cash and Investments	\$ 86,661,891	\$ 14,598,261
Cash and Investments	650	-
Investments - Current Restricted Assets	<u>46,450,245</u>	<u>-</u>
Cash and Cash Equivalents, June 30	<u>\$ 133,112,786</u>	<u>\$ 14,598,261</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND

Statement of Fiduciary Net Assets

June 30, 2010

Exhibit 10

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 710,666	\$ 30,551,063	\$ 1,658,854	\$ -
Accounts Receivable	-	-	30,220	345,707
Investments, at Fair Value				
Cash Equivalents	556,117	-	1,129,644	9,944,716
Fixed Income Fund	14,964,173	-	-	-
Equities & Equivalents	26,480,224	-	-	-
Total Investments	<u>42,000,514</u>	<u>-</u>	<u>1,129,644</u>	<u>9,944,716</u>
Total Assets	<u>42,711,180</u>	<u>30,551,063</u>	<u>2,818,718</u>	<u>10,290,423</u>
LIABILITIES				
Cash Overdraft	-	-	-	213,826
Accounts Payable	33,430	-	43,700	131,881
Deferred Revenue	-	-	1,129,644	-
Held on Behalf of Beneficiaries	-	-	-	9,944,716
Total Liabilities	<u>33,430</u>	<u>-</u>	<u>1,173,344</u>	<u>10,290,423</u>
NET ASSETS				
Held in Trust for pension benefits and other purposes	<u>\$ 42,677,750</u>	<u>\$ 30,551,063</u>	<u>\$ 1,645,374</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

HARFORD COUNTY, MARYLAND
Statement of Changes in Fiduciary Net Assets
For Fiscal Year Ending June 30, 2010

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 197,143
Employee Contributions	453,629	-	-
Employer Contributions	2,019,123	12,480,000	-
Plan Sponsor Contributions	1,700,477	-	-
Retiree Contributions	-	500,156	-
Total Contributions	<u>4,173,229</u>	<u>12,980,156</u>	<u>197,143</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	1,216,764	-	-
Interest and Dividends	2,776,142	79,969	13,021
Total Investment Earnings	<u>3,992,906</u>	<u>79,969</u>	<u>13,021</u>
Less Investment Expense	<u>(256,113)</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>3,736,793</u>	<u>79,969</u>	<u>13,021</u>
Total Additions	<u>7,910,022</u>	<u>13,060,125</u>	<u>210,164</u>
DEDUCTIONS			
Administrative Expenses	58,527	-	-
Benefits	3,236,590	3,962,695	-
Contractual Service	-	-	209,686
Total Deductions	<u>3,295,117</u>	<u>3,962,695</u>	<u>209,686</u>
Change in Net Assets	<u>4,614,905</u>	<u>9,097,430</u>	<u>478</u>
Net Assets--Beginning of the Year	<u>38,062,845</u>	<u>21,453,633</u>	<u>1,644,896</u>
Net Assets--End of the Year	<u>\$ 42,677,750</u>	<u>\$ 30,551,063</u>	<u>\$ 1,645,374</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Harford County Government (the County) was formed in 1773. Under home rule, as approved during 1972, the County is governed by an elected County Executive and a seven-member County Council, with each serving separate executive and legislative functions. The accompanying financial statements include various agencies, departments, organizations and offices which are legally part of Harford County (the Primary Government) and the County's Component Units. The Primary Government's major operations include health and social services, public safety, public works, parks and recreation, road and highway administration, agricultural preservation and general administrative services. Harford Community College, Board of Education of Harford County, Harford County Library and Harford Center, Inc. are legally separate organizations included as component units.

Component units have been included within the financial reporting entity using a discrete presentation. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same. Discrete presentations in the combined financial statements are created with separate columns for the individual component unit in the government-wide financial statements (see note below for description and for the specific factors that led to the inclusion in our financial statements) to emphasize that it is legally separate from the government.

Harford Community College – Operates the community college in Harford County. The College receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Board of Education of Harford County – Operates all public schools (grades K through 12) within Harford County. The Board of Education receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Harford County Library – Operates all public libraries within Harford County. The Library receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Harford Center, Inc. – Operates a rehabilitation center for disabled individuals in Harford County. The Harford Center is partially funded by Harford County Government appropriations under Maryland State law. The Harford Center's 15 members of the Board of Directors are appointed by the County Executive.

Complete financial statements of individual component units can be obtained from their respective administrative offices listed below:

Harford Community College
401 Thomas Run Road
Bel Air, Maryland 21015

Harford Center, Inc.
4 North Earlton Road
Havre de Grace, Maryland 21078

**Board of Education
of Harford County**
102 S. Hickory Avenue
Bel Air, Maryland 21014

Harford County Library
1221 A Brass Mill Road
Belcamp, Maryland 21017

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements: The statement of net assets and the statement of changes in net assets, report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, such as transfers between funds, has been removed from these statements to minimize the double counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become *susceptible to accrual*—that is, when they become both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes, income taxes, state shared tax revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the County, the General Fund includes such activities as public safety, education, and recreation services.

The Highways Operating Fund accounts for dedicated revenues that are legally restricted to the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County, all expenses of the County Department of Public Works concerning county highways, all expenses of the County and/or Sheriff's Office regarding traffic patrol and highway safety and County-related transportation expenses.

The Grants Fund accounts for the receipt, appropriation and expenditure of federal, state, and private monies in accordance with Harford County Charter, Article V.

The Agricultural Land Preservation Fund accounts for dedicated transfer tax revenues and provides for easement purchases of County agricultural land.

The Capital Project Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities of all major and non-major governmental funds.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the operation, maintenance, administration, and engineering of public water and sewer facilities.

Additionally, Harford County Government reports the following additional fund types:

Internal Service Funds:

Self-Insurance Fund:

This fund was established to account for the County's self-insurance program, which covers all County government agencies.

Fleet Management Fund:

This fund was established to account for the County's fleet management program, which is responsible for the procurement and maintenance of the County's motor fleet.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pension and Other Employee Benefit Trust Funds:

Sheriff's Office Pension System;

This trust fund was established to account for the pension system of certain law enforcement and correctional employees of the Office of the Sheriff of Harford County.

Firemen's LOSAP;

This trust fund was established to account for the pension system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

OPEB (Other Post Employment Benefits);

This trust fund was established to account for the County's other post-employment benefits; the trust fund will act as a funding mechanism for the employers cost of retiree benefits.

Private Purpose Trust Funds are used to account for resources legally held in a trustee capacity and are comprised of:

Revolving Loan Fund;

This private purpose trust fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.

BVL Cooperating Parties Group;

This private purpose trust fund was established in September 1996 to account for revenues collected from potentially responsible parties for the purpose of undertaking the design and construction of the remedial systems deemed necessary at the Bush Valley Landfill Site.

Bar Library Trust Fund;

The Bar Library private purpose trust fund was established in 1999 to account for all expenditures associated with the operations of the Bar Library of the Circuit Court of Harford County. Fines and appearance fees provide the source of revenues.

Agency Funds are resources held in a purely custodial capacity and are comprised of:

Pass-Through Grants;

This fund accounts for financial assistance received from other governments and transferred to another government, individual, not-for-profit or other organization. Harford County Government serves as an agent with little or no discretion in determining how the assistance will be used.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Harford County Public Entities Healthcare Consortium;

This fund was established to account for a rate stabilization reserve fund created for the Harford County Public Entities Healthcare Consortium. The consortium was formed for the purpose of pooling resources to purchase health insurance thereby reducing administrative expenses. Harford County Government serves as an agent with little or no discretion in determining how the funding will be directed.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, the proprietary and the fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The principal operating revenues of the Self-Insurance Fund are budget allocations from contributing County programs. The principal operating revenues of the Fleet management Fund and operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. Operating expenses for the Self Insurance Fund include insurance claims and expenses. Operating expenses of the Fleet Management Fund include all revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, and then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

a. POOLED CASH AND INVESTMENTS

The County operates a cash and investment pool for all funds of the Primary Government. Each fund has been allocated its respective share of pooled cash and investments as reflected in the fund financial statements as "equity in pooled cash and investments." In addition to participating in the County's cash and investment pool, each fund may maintain their own separate cash and investments that are specific to the individual fund.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Agricultural Land Preservation, Self-Insurance, Fleet Management, Capital Projects, Enterprise, Parks & Recreation, four Private Purpose Trusts, Other Post Employment Benefits Trust fund and both Pension Trust funds. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding fund. Per management policy, investment income earned monthly by general county capital projects is transferred to the General Fund and investment income earned monthly on highways capital projects is transferred to the Highways Fund.

For purposes of the statement of cash flows, the County considers cash, equity in pooled cash and investments, and investments with maturities of three months or less, when acquired, to be cash equivalents.

State statutes authorize the County to invest in obligations of the United States Government, federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

The Maryland Local Government Investment Pool, (the "MLGIP") was created under Maryland State Law and is regulated by the Maryland State Treasurer's Office. It is maintained exclusively to assist eligible participants, as defined by Articles 95 and 22 of the Annotated Code of Maryland. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). The MLGIP is a 2a-7 like external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments; Two Hopkins Plaza; 4th Floor; Baltimore, Maryland, 21201; or by calling 1-800-492-5160.

The County has an independent third party as custodian for securities collateralizing most repurchase agreements, certificates of deposit and all other investments. Collateralization is required on repurchase agreements and certificate of deposits at a level of 102 percent of market value of principal plus accrued interest. The County has an agreement with the custodian used for the overnight repurchase agreement whereby the County's authorization is needed to release any collateral held in the County's name. In order to mitigate risk, the County continually monitors the financial condition of this third party custodian.

Investments of the County are recorded at fair value, which is the quoted market price provided by Harford County's Custodian, except for the investments in the MLGIP and Money Market funds. MLGIP investments are recorded at cost, which approximates fair value. Investments in Money Market funds are valued at the closing net asset value per share on the day of valuation. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

The County's real property tax is levied and recorded each July 1 on the assessed values certified as of that date for all taxable real property located in the County on that date. On January 1, a tax on real property constructed during the period of July 1 through December 31 is levied on the assessed value as of that date. Assessed values are established by the Maryland Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years. All unpaid taxes on real property shall be, until paid, liens on the real property. The lien is imposed on the date the taxes are levied.

Currently, real property taxes are billed in two installments. The first installment is due by September 30 and the second installment is due by December 31.

Discounts of 1 percent and 1/2 percent are allowed on the amount paid in July or August respectively for both annual and semi-annual property tax payments. Beginning October 1, interest of 1½ percent per month is charged for each month or fraction thereof that taxes remain unpaid on annual bills. Interest of 1½ percent per month is not charged on the second semi-annual installment until January 1 of the following year. In addition to interest, a 6 percent penalty is assessed on all unpaid delinquent property taxes on October 1. A penalty of 6 percent is imposed on the semi-annual installment overdue and in arrears on January 1. Any taxes not paid by the third Monday in June of the following year may subject the property to tax sale.

The County's real property tax rate for the year ended June 30, 2010, was \$1.064 per \$100 of assessed value for properties within the County, but not in an incorporated town and \$0.908 for properties within an incorporated town.

All receivables are reported at gross value and, where appropriate, reduced by the estimate considered to be uncollectible.

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

c. INVENTORIES

Inventories in the Highways special revenue fund are accounted for by the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Reservations of fund balances for the amounts of inventory have been made to reflect the non-availability of those amounts for appropriation for expenditures. Inventory of the Board of Education General Fund is charged to expenditures as consumed. All inventories are valued at the lower of cost or market using the First-In/First-Out (FIFO) method.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

d. RESTRICTED ASSETS

Certain assets of the Governmental Activities are classified as restricted assets on the balance sheet. These assets include debt proceeds held by the MLGIP and drawn down as needed for capital project expenses. Included as restricted assets are investments in strip treasuries held to maturity for the final payment on the purchase of land development rights. Certain assets of the Business-type Activities are classified as restricted assets on the balance sheet. These assets include unspent bond proceeds limited by applicable bond covenants to specific capital projects.

e. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The government defines capital assets, other than infrastructure, as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life in excess of one year. Infrastructure is defined as capital assets with an initial cost of \$50,000 or more, and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. Interest expense is not capitalized in the current year due to immateriality. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Bridges	50
Buildings	40-50
Machinery and Equipment	5-10
Roads	15
Vehicles	7
Water and Sewer Lines and Improvements	10-75

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

f. COMPENSATED ABSENCES

Vacation and personal leave benefits are earned by employees of the County based upon time in service. The rights to such benefits are vested. Employees, based on time in service, also accumulate sick leave. Accumulated sick leave benefits do not vest and are not paid unless sickness causes absence or upon retirement. At retirement, up to one-half of an employee's sick leave may be paid and the remaining balance is credited to their retirement. Vested sick leave is calculated at year-end using the terminated payments method. In the government-wide financial statements, proprietary fund and fiduciary funds financial statements, all vacation, personal, and vested sick pay are accrued when incurred. A liability for these amounts is only reported in governmental funds for the portion estimated to be due and payable at year-end.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt, represents all capital assets, including infrastructure reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvement of these assets. Restricted net assets represent external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets represent the net assets of the County, not restricted for any project or purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation because they are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are not legally required segregations, but rather represent the intent of the County's administration to use fund balances for specific purposes in the future.

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage and medical claims as of June 30, 2010. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences, bond premium, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Accrued Bond Interest	\$	5,510,227
Agricultural Preservation Installments		57,100,122
Bonds Payable		425,205,736
Capital Lease Obligations		14,801,760
Notes Payable		9,582,561
Landfill Closure Liability		42,314,124
Compensated Absences		26,353,912
Premium on Bonds, Less Amortization		29,697,147
Less: Debt of the Internal Service Fund		(5,685,344)
	\$	<u>604,880,245</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Purchase of Capital Assets	\$	24,528,046
Purchase of Capital Assets by the Internal Service Fund		(785,250)
Depreciation		(22,825,604)
Depreciation of Capital Assets of the Internal Service Fund		775,862
	\$	<u>1,693,054</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Contributed Assets	\$ 3,208,185
Loss on Disposal of Assets	(223,878)
Decrease in Property Tax Deferred Revenue	(8,027)
Increase in Income Tax Deferred Revenue	1,767,113
Increase in Deferred Loans Receivable	613,568
Decrease in Deferred Steam Revenue	(750)
Increase in Deferred Special Assessments	188,256
Increase in Restitution Deferred Revenue	43,888
	<u>\$ 5,588,355</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases, installment purchase agreements) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities.” The details of this difference are as follows:

Accrued Interest Expense	\$ (1,328,193)
Amortization of Bond Premium	1,313,727
Net Increase and Amortization of Costs of Issuance	696,972
Amortization of Deferred Loss	114,292
Issuance of Bond Premium	(14,359,593)
Issuance of Bonds Payable	(168,717,957)
Issuance of Notes Payable	(1,186,000)
Payment to Escrow Agent for Refunding	28,885,874
Principal Payments on General Obligation Debt	23,386,490
	<u>\$ (131,194,388)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated Absences Liability	\$ (2,359,040)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method Used in the Fund Statements	(60,896)
Increase in Deferred Health Care Consortium Receivable	609,800
Net Increase in Landfill Closure Expenses	(4,542,226)
	<u>\$ (6,352,362)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council during April. The County Council holds public hearings regarding the budget and prior to June 1 passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the department level for the operations of the County Government with unexpended or unencumbered appropriation authority expiring the following June 30, except in the case of Capital Projects Funds, where appropriations lapse after three years if no expenditures occur. Under Maryland State Law, Board of Education capital projects are exempt from this provision. The appropriated budgets are prepared by fund, function, and department. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. During the fiscal year, the County Council may adopt supplemental appropriations. For the year-ended June 30, 2010, supplemental appropriations adopted in the general fund were \$36,273,601; \$5,133,004 in the highway fund; and \$100,000 in the agricultural preservaton fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

Annual budgets are adopted for the General Fund, Highways Fund, Agricultural Land Preservation Fund, Parks & Recreation Fund, Enterprise Fund, Internal Service Funds, Firemen's Pension Trust Fund and Sheriff's Office Pension Trust Fund. Budgets are not adopted for the remaining private purpose trust funds due to their nature. Enterprise Fund, Internal Service Funds and Pension Trust Funds budgets are for management control only. Budgets are adopted using the same basis of accounting as that used for reporting purposes, except for the following:

- Encumbrances are treated as expenditures for budgetary accounting purposes.
- Payroll is accrued for financial statement purposes only.
- Interfund reimbursements are eliminated for financial statement purposes.

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. The County Council and the County Executive must approve all transfers of appropriations between projects.

A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual is prepared for each major governmental fund with an annual budget. These are the General, Highways and Agricultural Land Preservation funds.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

B. RECONCILIATION OF GAAP TO BASIS OF BUDGETING

The Governmental Funds, except for Grants and Capital Project Funds, have legally adopted annual budgets. The “Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual” are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. The “Statement of Revenues, Expenditures and Changes in Fund Balances” for all major governmental funds is prepared on a basis consistent with GAAP where encumbrances are treated as a reservation of fund balance. The other fund statements are reconciled below.

As of June 30, 2010, the changes in fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation	Parks & Recreation
Basis of Budgeting - Net Change in Fund Balances	\$ 9,486,438	\$ -	\$ 4,767,988	\$ 50,705
Basis Adjustments:				
Revenue for Budgetary, not GAAP Purposes	(8,965,464)	(7,420,172)	-	-
Encumbrances Adjustment	304,879	1,052,740	-	(1,408)
Expenditures for Budgetary, not GAAP Purposes	8,965,464	7,420,172	-	-
Expenditures for GAAP, not for Budgetary Purposes	80,410	78,763	(302)	3,018
Fund Balance Appropriated for Budget not GAAP	-	(1,908,313)	-	-
GAAP Basis - Net Changes in Fund Balances	<u>\$ 9,871,727</u>	<u>\$ (776,810)</u>	<u>\$ 4,767,686</u>	<u>\$ 52,315</u>

As of June 30, 2010, the ending fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation	Parks & Recreation
Basis of Budgeting - Fund Balances	\$ 83,004,126	\$ 20,408,649	\$ 45,509,511	\$ 147,771
Basis Adjustments:				
Encumbrances	1,424,165	1,731,599	-	8,861
Expenditures for GAAP, not for Budgetary Purposes	(4,613,835)	(616,852)	(2,836)	(15,938)
GAAP Basis - Fund Balances	<u>\$ 79,814,456</u>	<u>\$ 21,523,396</u>	<u>\$ 45,506,675</u>	<u>\$ 140,694</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. EQUITY IN POOLED CASH AND INVESTMENTS, CASH AND INVESTMENTS

a. DEPOSITS

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At year-end, the carrying amount of combined deposits was \$719,088 and the collected bank balance was \$3,000. The Federal Depository Insurance Corporation (FDIC) insured the entire collected bank balance deposit of \$3,000. At June 30, 2010, the County's deposits were not exposed to custodial credit risk.

The following table reconciles the County's deposits and investments to the government-wide statement of net assets and the statement of fiduciary net assets.

Reconciliation:

Total Primary Government - Exhibit 1	
Equity in Pooled Cash and Investments	\$ 260,645,901
Cash and Investments	33,086
Restricted Assets - Investments	171,599,727
Pension Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	710,666
Total Investments	42,000,514
Other Post Employment Benefit Trust Fund - Exhibit 10	
Equity in Pooled Cash and Investments	30,551,063
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,658,854
Total Investments	1,129,644
Agency Funds - Exhibit 10	
Cash Overdraft	(213,826)
Total Investments	9,944,716
Total All Equity in Pooled Cash	518,060,345
Less: Investments - Primary Government, p. 49	(517,341,257)
The Carrying Amount of Combined Deposits	\$ 719,088

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$5,461,350 net of bank overdrafts of (\$2,408,155). All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its' agent, in the component unit's name.

The following table reconciles the Component Unit's deposits and investments to the government-wide statement of net assets.

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Board of Education	\$ 24,837,259
Harford Center, Inc.	1,279,858
Harford Community College	30,312,477
Harford Community College--Restricted	5,346,182
Harford County Library	3,857,985

Less: Cash Overdraft for Component Units--Exhibit 1:

Board of Education	(1,924,383)
Harford County Library	(483,772)
Total Component Unit Cash & Investments	<u>63,225,606</u>
Less: Investments--Component Units; page 51	<u>(57,764,256)</u>
Cash in the Bank	<u><u>\$ 5,461,350</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2010, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)			
Pooled Investments	Fair Value	Less than 1	1 - 5	5+
Repurchase Agreements	\$ 892,222	\$ 892,222	\$ -	\$ -
¹ Federal Agencies	109,060,645	105,060,645	4,000,000	-
MLGIP	173,228,386	173,228,386	-	-
Mutual Funds	9,485,404	9,485,404	-	-
Subtotal	<u>292,666,657</u>	<u>288,666,657</u>	<u>4,000,000</u>	<u>-</u>
Non-Pooled Investments				
MLGIP	129,560,830	129,560,830	-	-
² U.S. Stripped Treasuries	42,038,898	198,805	5,784,576	36,055,517
³ Trust Fund Annuity Contract	1,129,644	28,530	173,919	927,195
MLGIP - Fiduciary Funds	9,944,716	9,944,716	-	-
Pension Funds:				
³ Short-Term Investments	532,261	532,261	-	-
³ Equities	26,480,225	26,480,225	-	-
³ MTB Intermediate Term Bond	1,423,842	1,423,842	-	-
US Government Agencies	2,118,970	478	2,023,085	95,407
Corporate Bonds	6,634,678	1,167,117	3,530,658	1,936,903
² US Treasury Obligations	4,810,536	194,685	2,684,786	1,931,065
Subtotal	<u>224,674,600</u>	<u>169,531,489</u>	<u>14,197,024</u>	<u>40,946,087</u>
Total	<u>\$ 517,341,257</u>	<u>\$ 458,198,146</u>	<u>\$ 18,197,024</u>	<u>\$ 40,946,087</u>

¹ These Agencies mature in Fiscal Years 2010 and 2011, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

² These investments are backed by the full faith and credit of the US Government.

³ These investments are unrated.

Investments Other than Pensions:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

will be invested in U.S. Stripped Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2010, have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations. As of June 30, 2010, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAM by Standard and Poor's.

Concentration of Credit Risk: In accordance with its investment policy, with the exception of US Treasury securities, repurchase agreements, US government agencies and MLGIP, no more than 50 percent of the County's total investment portfolio is to be invested in a single security type. With the exception of overnight repurchase agreements with the County's lead bank, and the MLGIP, no more than 50 percent of the County's portfolio may be invested with a single institution.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. At June 30, 2010, the County's investments were not exposed to custodial credit risk.

Pension Investments:

Interest Rate Risk: The investment policies of the pension plans do not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Fund's greatest concern is long-term appreciation of assets and consistency of portfolio returns. However cash and cash equivalent investments, such as commercial paper, repurchase agreements, etc. are limited to maturities of one year or less.

Credit Risk: The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The Manager may purchase commercial paper, medium term notes, and public debt securities, with short-term ratings of A-2 or P-2 or better or long-term ratings of A/A or better by either Moody's or Standard and Poor's. Fixed income securities, such as obligations of the U.S. Government and its agencies, corporate debt securities, exchange traded fixed income funds, etc. shall be *investment grade* as defined by Moody's or Standard and Poor's.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

The maximum ratings allocations and the actual allocations of US Government Agencies and corporate bond investments at June 30, 2010, are as follows:

<u>Rating</u>	<u>Maximum Allocation</u>	<u>Allocation at June 30, 2010</u>
Investment Grade	100%	36%
AAA/Aaa	100%	14%
AA/Aa	50%	6%
A/A	50%	25%
BAA/Baa	20%	19%

Concentration of Credit Risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 5 percent of the portfolio invested in obligations of any one issuer and no more than 10 percent in any one outstanding debt issue. Investments by security type are to be diversified as follows:

	<u>Firemen's Pension</u>		<u>Sheriff's Pension</u>	
	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Large Cap Equities	20%	50%	25%	47%
Mid Cap Equities	0%	0%	3%	13%
Small Cap Equities	0%	10%	3%	10%
International Equities	0%	10%	14%	27%
Fixed Income	40%	60%	21%	39%
Cash & Equivalents	0%	5%	0%	0%

COMPONENT UNITS

As of June 30, 2010, total investments of the component units, in the amount of \$57,764,256, was distributed by type as follows:

	<u>MLGIP</u>	<u>Repurchase</u> <u>Agreements</u>	<u>Other</u> <u>Investments</u>	<u>Total</u>
Board of Education	\$ 20,069,763	\$ 4,444,314	\$ -	\$ 24,514,077
Harford Center, Inc.	-	-	341,600	341,600
Harford Community College	19,305,048	5,000,000	4,842,968	29,148,016
Harford County Library	3,382,513	378,050	-	3,760,563
	<u>\$ 42,757,324</u>	<u>\$ 9,822,364</u>	<u>\$ 5,184,568</u>	<u>\$ 57,764,256</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Interest Rate Risk: The component units of the County generally limit the term of investment maturities, except for the fiduciary funds of the Board of Education, which are allowed longer term maturities to match the cash flow of liabilities.

Credit Risk: The investment policies of the component units require that all investments be insured, or registered, or have underlying securities held by a custodian in the name of the component unit to protect against credit risk. The credit ratings related to the repurchase agreements are unknown but the MLGIP, a State sponsored investment pool, is rated AAAM by Standard and Poor's.

B. RECEIVABLES

a. TAXES AND OTHERS

Receivables as of year-end for the government's individual major and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Highway	Grant
Property Taxes	\$ 2,193,493	\$ 286,480	\$ -
Interest Accrual	16,397	-	-
Service Billings	1,681,060	235,170	-
Restitution Receivable	-	-	127,259
Capital Contribution Receivable	-	-	-
Miscellaneous	681,779	-	38,587
Gross Receivables	4,572,729	521,650	165,846
Less: Allowance for Uncollectible	(1,401,096)	(174,600)	-
	<u>\$ 3,171,633</u>	<u>\$ 347,050</u>	<u>\$ 165,846</u>

	Non-Major Parks & Rec	Water & Sewer	Total
Property Taxes	\$ -	\$ -	\$ 2,479,973
Interest Accrual	-	2,365,951	2,382,348
Service Billings	483	5,885,607	7,802,320
Restitution Receivable	-	-	127,259
Capital Contribution Receivable	-	80,809	80,809
Miscellaneous	-	73,602	793,968
Gross Receivables	483	8,405,969	13,666,677
Less: Allowance for Uncollectible	-	(45,030)	(1,620,726)
	<u>\$ 483</u>	<u>\$ 8,360,939</u>	<u>\$ 12,045,951</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. DEFERRED REVENUES

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

Deferred Revenues:	Unavailable	Unearned	Total
Income Taxes	\$ 24,749,469	\$ -	\$ 24,749,469
Prepaid Property Taxes	-	130,465	130,465
Walk-in Assessment Escrow	-	593	593
Property Taxes Receivable	661,836	-	661,836
Consortium Receivable	524,990	-	524,990
Solid Waste Prepaid Fees	-	879,145	879,145
Sub-total: General Fund	<u>25,936,295</u>	<u>1,010,203</u>	<u>26,946,498</u>
Property Taxes Receivable	83,359	-	83,359
Consortium Receivable	84,810	-	84,810
Sub-total: Highways Fund	<u>168,169</u>	<u>-</u>	<u>168,169</u>
Grant Drawdown in Excess of Expenditures	-	1,248,008	1,248,008
Grant Loans Receivable	2,791,427	-	2,791,427
Grant Restitution Receivable	127,259	-	127,259
Sub-total: Grant Fund	<u>2,918,686</u>	<u>1,248,008</u>	<u>4,166,694</u>
Grant Drawdown in Excess of Expenditures	-	-	-
Special Assessments Escrowed	-	680,975	680,975
Special Assessments Receivable	870,428	-	870,428
Sub-total: Capital Project Fund	<u>870,428</u>	<u>680,975</u>	<u>1,551,403</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 29,893,578</u>	<u>\$ 2,939,186</u>	<u>\$ 32,832,764</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

c. LEASE RECEIVABLES

PRIMARY GOVERNMENT

Governmental activities: The County is obligated as the lessor under a number of lease agreements. Many of the leases are for \$1 per year to various government and nonprofit organizations. There are a few leases with end dates but most of the leases are for one year, with automatic renewals, indefinitely. In fiscal year 2010 rental income from all leases was \$488,870. The following is a five year schedule, by year, of future rental payments, assuming all leases with automatic renewal clauses continue at their current lease amount.

<u>Year ending June 30</u>	<u>Amount</u>
2011	\$ 524,530
2012	474,762
2013	415,577
2014	415,577
2015	415,277
Rental Income	\$ <u>2,245,723</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 230,139,499	\$ 3,176,695	\$ (26,822)	\$ 233,289,372
Development Rights	106,957,627	1,608,609	-	108,566,236
Construction in Process	116,547,081	34,759,440	(35,926,166)	115,380,355
Total Capital Assets, not being depreciated	<u>453,644,207</u>	<u>39,544,744</u>	<u>(35,952,988)</u>	<u>457,235,963</u>
Capital Assets, being depreciated:				
Buildings	87,040,202	3,543,190	(326,196)	90,257,196
Improvements other than buildings	61,997,934	1,987,627	-	63,985,561
Machinery and Equipment	45,996,263	1,384,791	(245,265)	47,135,789
Vehicles	39,014,949	2,645,895	(1,868,742)	39,792,102
Infrastructure	149,048,520	14,556,150	(2,465,330)	161,139,340
Total Capital Assets, being depreciated	<u>383,097,868</u>	<u>24,117,653</u>	<u>(4,905,533)</u>	<u>402,309,988</u>
Less Accumulated Depreciation for:				
Buildings	(35,156,227)	(2,765,737)	296,426	(37,625,538)
Improvements other than buildings	(45,677,797)	(3,060,550)	-	(48,738,347)
Machinery and Equipment	(35,793,875)	(4,889,307)	237,882	(40,445,300)
Vehicles	(20,593,282)	(4,550,204)	1,708,839	(23,434,647)
Infrastructure	(60,858,501)	(7,559,806)	2,465,330	(65,952,977)
Total Accumulated Depreciation	<u>(198,079,682)</u>	<u>(22,825,604)</u>	<u>4,708,477</u>	<u>(216,196,809)</u>
Total Capital Assets, being depreciated, net	<u>185,018,186</u>	<u>1,292,049</u>	<u>(197,056)</u>	<u>186,113,179</u>
Governmental Activities Capital Assets, net	<u>\$ 638,662,393</u>	<u>\$ 40,836,793</u>	<u>\$ (36,150,044)</u>	<u>\$ 643,349,142</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,968,528	\$ 4,749	\$ -	\$ 1,973,277
Construction in Process	36,474,645	42,427,945	(9,790,186)	69,112,404
Total Capital Assets, not being depreciated	<u>38,443,173</u>	<u>42,432,694</u>	<u>(9,790,186)</u>	<u>71,085,681</u>
Capital Assets, being depreciated:				
Buildings	149,220,365	4,786,060	-	154,006,425
Improvements other than buildings	273,093,657	5,023,458	-	278,117,115
Machinery and Equipment	7,519,155	417,268	-	7,936,423
Vehicles	3,881,459	41,492	(246,332)	3,676,619
Total Capital Assets, being depreciated	<u>433,714,636</u>	<u>10,268,278</u>	<u>(246,332)</u>	<u>443,736,582</u>
Less Accumulated Depreciation for:				
Buildings	(69,144,241)	(3,750,195)	-	(72,894,436)
Improvements other than buildings	(62,113,181)	(4,773,594)	-	(66,886,775)
Machinery and Equipment	(4,563,001)	(250,136)	-	(4,813,137)
Vehicles	(2,833,278)	(289,644)	246,332	(2,876,590)
Total Accumulated Depreciation	<u>(138,653,701)</u>	<u>(9,063,569)</u>	<u>246,332</u>	<u>(147,470,938)</u>
Total Capital Assets, being depreciated, net	<u>295,060,935</u>	<u>1,204,709</u>	<u>-</u>	<u>296,265,644</u>
Business-type Activities Capital Assets, net	<u>\$ 333,504,108</u>	<u>\$ 43,637,403</u>	<u>\$ (9,790,186)</u>	<u>\$ 367,351,325</u>

Depreciation Expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

County Council	\$ 35,807
General Government	1,193,139
Fleet Management	775,862
Judicial	621,672
Libraries	606,687
Parks & Recreation	1,660,069
Public Safety	5,021,523
Public Works	12,398,372
Social Services & Health	512,473
Total Depreciation Expense - Governmental activities	<u>\$ 22,825,604</u>

Business-type Activities

Water & Sewer	<u>\$ 9,063,569</u>
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Board of Education: Capital Asset Activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	206,054,529	65,821,491	(70,162,243)	201,713,777
Total Capital Assets, not being depreciated	<u>215,727,471</u>	<u>65,821,491</u>	<u>(70,162,243)</u>	<u>211,386,719</u>
Capital Assets, being depreciated				
Land Improvements	8,284,455	760,915	-	9,045,370
Buildings and Improvements	351,695,680	71,533,695	-	423,229,375
Furniture and Equipment	26,584,066	2,954,441	(568,855)	28,969,652
Total Capital Assets, being depreciated	<u>386,564,201</u>	<u>75,249,051</u>	<u>(568,855)</u>	<u>461,244,397</u>
Accumulated Depreciation				
Land Improvements	(2,647,986)	(392,769)	-	(3,040,755)
Buildings and Improvements	(102,789,961)	(6,981,057)	-	(109,771,018)
Furniture and Equipment	(13,643,942)	(2,838,953)	520,271	(15,962,624)
Total Accumulated Depreciation	<u>(119,081,889)</u>	<u>(10,212,779)</u>	<u>520,271</u>	<u>(128,774,397)</u>
Total Capital Assets, being depreciated, net	<u>267,482,312</u>	<u>65,036,272</u>	<u>(48,584)</u>	<u>332,470,000</u>
Total Capital Assets, net	<u>\$ 483,209,783</u>	<u>\$ 130,857,763</u>	<u>\$ (70,210,827)</u>	<u>\$ 543,856,719</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 230,772	\$ 31,343	\$ -	\$ 262,115
Equipment - Transportation	699,183	37,260	-	736,443
Leasehold Improvements	376,921	1,068	-	377,989
Total Capital Assets, being depreciated	<u>1,306,876</u>	<u>69,671</u>	<u>-</u>	<u>1,376,547</u>
Accumulated Depreciation:				
Capital Assets	(752,586)	(93,533)	-	(846,119)
Total Accumulated Depreciation	<u>(752,586)</u>	<u>(93,533)</u>	<u>-</u>	<u>(846,119)</u>
Total Capital Assets, net	<u>\$ 554,290</u>	<u>\$ (23,862)</u>	<u>\$ -</u>	<u>\$ 530,428</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital asset activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,564,162	\$ -	\$ -	\$ 3,564,162
Construction in Process	13,452,393	4,178,793	(12,817,476)	4,813,710
Total Capital Assets, not being depreciated	17,016,555	4,178,793	(12,817,476)	8,377,872
Capital Assets, being depreciated				
Buildings and Improvements	61,135,926	13,346,504	(306,384)	74,176,046
Furniture and Equipment	9,342,257	344,524	(89,115)	9,597,666
Vehicles	472,261	38,377	(50,289)	460,349
Library Books	133,331	1,560,115	(51,226)	1,642,220
Total Capital Assets, being depreciated	71,083,775	15,289,520	(497,014)	85,876,281
Accumulated Depreciation:				
Buildings and Improvements	(17,082,197)	(2,635,889)	306,384	(19,411,702)
Furniture and Equipment	(6,448,982)	(648,232)	81,608	(7,015,606)
Vehicles	(275,888)	(53,417)	50,289	(279,016)
Library Books	(44,444)	(1,480,826)	51,226	(1,474,044)
Total Accumulated Depreciation	(23,851,511)	(4,818,364)	489,507	(28,180,368)
Total Capital Assets, being depreciated, net	47,232,264	10,471,156	(7,507)	57,695,913
Total Capital Assets, net	\$ 64,248,819	\$ 14,649,949	\$ (12,824,983)	\$ 66,073,785

Harford County Library: Capital asset activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Buildings and Improvements	\$ 803,295	\$ 2,850	\$ -	\$ 806,145
Circulating Materials	7,210,044	2,181,817	(2,361,563)	7,030,298
Furniture and Equipment	1,717,270	434,033	(23,763)	2,127,540
Computer Equipment	808,710	301,393	(89,636)	1,020,467
Vehicles	305,490	12,409	(15,285)	302,614
Copier Equipment	34,231	-	(34,231)	-
Total Capital Assets, being depreciated	10,879,040	2,932,502	(2,524,478)	11,287,064
Accumulated Depreciation:				
Buildings and Improvements	(321,101)	(51,215)	-	(372,316)
Circulating Materials	(3,615,814)	(2,373,391)	2,361,563	(3,627,642)
Furniture and Equipment	(1,369,763)	(145,461)	23,206	(1,492,018)
Computer Equipment	(705,017)	(98,672)	90,082	(713,607)
Vehicles	(228,211)	(21,320)	15,285	(234,246)
Copier Equipment	(34,231)	-	34,231	-
Total Accumulated Depreciation	(6,274,137)	(2,690,059)	2,524,367	(6,439,829)
Total Capital Assets, net	\$ 4,604,903	\$ 242,443	\$ (111)	\$ 4,847,235

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

D. OPERATING LEASES

The County is obligated under certain leases accounted for as operating leases. All leases are subject to annual appropriations. During fiscal year 2010, rental expenditures approximated \$2,519,185. These expenditures were primarily from the General Fund. The following is a schedule, by years, of the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2010:

Year ending June 30	Amount
2011	\$ 2,384,311
2012	1,960,978
2013	1,380,783
2014	949,978
2015	813,591
2014-2019	1,234,572
Total Minimum Payments Required	\$ 8,724,213

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. DUE FROM PRIMARY GOVERNMENT AND DUE TO COMPONENT UNITS

Interfund receivables and payables result from the time lag between the time reimbursable expenditures occur in the component units and when the payments are made. At June 30, these interfund balances are:

	Due From	Due To
Primary Government:		
Capital Projects Fund	\$ -	\$ 19,383,653
Component Units:		
Board of Education	19,301,945	-
Harford Community College	5,600	-
Harford County Library	76,108	-
	\$ 19,383,653	\$ 19,383,653

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INTERFUND TRANSFERS

Transfers are used to, (1) move general fund revenues to provide matching funds for various grant programs, (2) move operating fund revenues into the capital project fund as paygo monies, (3) move revenues from capital project funds to the general fund to pay debt service, and (4) move interest revenue earned in the capital project fund to the operating funds per management policy. The interfund transfers for the current fiscal year are:

	Transfers In		
	General Fund	Highways Fund	Grant Fund
Transfers Out			
General Fund	\$ -	\$ -	\$ 3,186,213
Highways Fund	-	-	-
Grant Fund	461,668	-	-
Capital Projects Fund	13,741,357	91,599	-
Total Transfers In	\$ 14,203,025	\$ 91,599	\$ 3,186,213

	Transfers In	
	Capital Project Fund	Total
Transfers Out		
General Fund	\$ 5,725,000	\$ 8,911,213
Highways Fund	6,926,853	6,926,853
Grant Fund	-	461,668
Capital Projects Fund	-	13,832,956
Total Transfers In	\$ 12,651,853	\$ 30,132,690

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2009	Additions	Principal Repayments & Reductions	Balance June 30, 2010	Due Within One Year
Governmental activities:					
Agricultural Land Preservation	\$ 58,177,011	\$ -	\$ (1,076,889)	\$ 57,100,122	\$ 920,544
Bonds Payable	301,480,584	168,717,957	(44,992,805) ¹	425,205,736	19,251,552
Capital Lease Obligations	20,325,902	-	(5,524,142)	14,801,760	5,648,868
Notes Payable	10,181,999	1,186,000	(1,785,438)	9,582,561	1,595,438
Landfill Closure Liability	37,771,898	4,749,051 ²	(206,825)	42,314,124	206,825
Compensated Absences	23,994,872	3,854,539	(1,495,499)	26,353,912	9,050,156
Est. Liab. For Claims in Process	5,363,299	1,157,253	(1,422,683)	5,097,869	1,132,596
Governmental activity - Long-term Liabilities	\$ 457,295,565	\$ 179,664,800	\$ (56,504,281)	\$ 580,456,084	\$ 37,805,979
Business-type activities:					
Lease 2007	\$ 197,564	\$ -	\$ (63,414)	\$ 134,150	\$ 65,824
Bonds Payable	88,110,699	50,627,043	(10,495,593) ¹	128,242,149	10,346,027
Notes Payable	71,406	-	(35,317)	36,089	36,089
Compensated Absences	2,655,595	888,203	(181,487)	3,362,311	1,436,317
Business-type activities - Long-term Liabilities	\$ 91,035,264	\$ 51,515,246	\$ (10,775,811)	\$ 131,774,699	\$ 11,884,257

¹ Includes amortization of deferred loss on refunding of \$ 114,292 for Governmental activities and \$ 152,183 for Business-type activities, as well as a deferred gain of \$ 2,693 for Business-type activities.

² See Note 4f.Landfill Closure Liability for more detail.

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Claims liabilities typically have been liquidated in the Self Insurance fund.

The debt limit for the primary government at June 30, 2010, was \$1,794,971,828 and the legal debt margin was \$1,345,381,771.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Non-current liabilities in the component units consist of liabilities for compensated absences; Other Post Employment Benefits (OPEB) and one capital lease. The changes and the portion due within one year are as follows:

	Beginning Balance	Changes	Ending Balance	Due Within One Year
<u>Board of Education</u>				
Capital Leases	\$ 10,581,570	\$ (296,928)	\$ 10,284,642	\$ 311,714
Compensated Absences	28,792,505	63,985	28,856,490	1,277,986
OPEB	44,513,815	37,699,000	82,212,815	-
	<u>\$ 83,887,890</u>	<u>\$ 37,466,057</u>	<u>\$ 121,353,947</u>	<u>\$ 1,589,700</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,101,032	\$ 25,858	\$ 1,126,890	\$ 56,844
OPEB	52,221	31,013	83,234	40,000
	<u>\$ 1,153,253</u>	<u>\$ 56,871</u>	<u>\$ 1,210,124</u>	<u>\$ 96,844</u>
<u>Harford County Library</u>				
Compensated Absences	\$ 381,327	\$ 4,901	\$ 386,228	\$ 12,886
OPEB	1,802,723	1,802,210	3,604,933	-
	<u>\$ 2,184,050</u>	<u>\$ 1,807,111</u>	<u>\$ 3,991,161</u>	<u>\$ 12,886</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. The primary source of revenue for repayment of the indebtedness is a transfer tax of one-half of one percent on all transfers of real property in the County. Under the terms of the installment contracts, which range in length from ten to twenty years, the County pays the property owner annual interest and minimal portions of the installment purchase price for the term of the agreement. The final principal payment is made with a stripped-coupon U.S. Treasury obligation purchased at settlement and held to maturity. The interest rate of the stripped-coupon U.S. Treasury obligation is the interest rate used for the installment purchase agreement. Interest rates on securities owned at June 30, 2010, range from 3.74 percent to 8.45 percent. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2010, are as follows:

As of June 30, 2010	Principal	Interest	Total Requirement
2011	\$ 920,544	\$ 3,130,911	\$ 4,051,455
2012	1,116,128	3,081,179	4,197,307
2013	2,895,399	3,019,469	5,914,868
2014	1,983,547	2,888,196	4,871,743
2015	2,675,661	2,778,198	5,453,859
2016	6,952,927	2,596,019	9,548,946
2017	7,347,521	2,148,862	9,496,383
2018	18,158,266	1,679,036	19,837,302
2019	4,617,132	763,273	5,380,405
2020	1,072,375	524,731	1,597,106
2021	568,331	458,668	1,026,999
2022	121,341	426,870	548,211
2023	1,933,994	420,976	2,354,970
2024	1,198,158	324,597	1,522,755
2025	354,137	257,357	611,494
2026	669,630	240,362	909,992
2027	384,422	208,265	592,687
2028	580,803	189,296	770,099
2029	3,549,806	161,275	3,711,081
	<u>\$ 57,100,122</u>	<u>\$ 25,297,540</u>	<u>\$ 82,397,662</u>

For the year ended June 30, 2010, total principal and interest incurred related to agricultural land preservation installment was \$1,076,889 and \$3,192,317.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

c. GENERAL OBLIGATION BONDS

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County, and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2001, 2002, 2003, 2004, 2005, 2007, 2009, and 2010 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2010, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	Originally Issued	Outstanding at June 30, 2010
Water Quality Loan of 1999 - 2.52% - due serially to 2018.....	\$ 4,585,000	\$ 1,945,152
Public Improvement Bond of 2001 - 4.25% - 4.65% - due serially to 2021	31,325,000	1,950,000
Public Improvement Bond of 2002 - 3.5% - 4.875% - due serially to 2022.....	28,350,000	3,240,000
Refunding Bond of 2003 - 3.0% - 5.0% - due serially to 2012.....	12,007,969	4,331,959
Public Improvement Bond of 2004 - 2.0% - 4.375% - due serially to 2024.....	23,870,000	13,785,000
Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024.....	35,905,000	28,794,261
Public Improvement Bond of 2007- 4.0% - 5.0% - due serially to 2027.....	95,900,000	89,900,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020.....	21,738,036	18,998,826
Public Improvement Bond of 2009- 4.0% - 5.0% - 2.25% due serially to 2029..	96,100,000	96,100,000
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	25,161,828
Public Improvement Bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	67,486,509
Public Improvement Bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	<u>76,069,620</u>	<u>76,069,620</u>
 Total Bonds Outstanding	 518,498,962	 427,763,155
Deferred Loss on Refunding	<u>(2,927,194)</u>	<u>(2,557,419)</u>
Total	<u>\$ 515,571,768</u>	<u>\$ 425,205,736</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2011	\$ 19,251,552	\$ 15,971,903	\$ 35,223,455
2012	25,229,498	18,926,880	44,156,378
2013	25,595,792	17,880,189	43,475,981
2014	24,981,548	16,741,991	41,723,539
2015	24,875,458	15,567,684	40,443,142
2016-2020	121,243,041	60,130,724	181,373,765
2021-2025	102,558,445	33,347,166	135,905,611
2026-2030	75,814,600	11,508,418	87,323,018
2031	8,213,221	225,864	8,439,085
Deferred Loss	(2,557,419)	-	(2,557,419)
	<u>\$ 425,205,736</u>	<u>\$ 190,300,819</u>	<u>\$ 615,506,555</u>

For the year ended June 30, 2010, total principal and interest incurred related to general obligation bonds was \$16,314,677 and \$11,562,938.

Business Type Activities:

	Originally Issued	Outstanding at June 30, 2010
State of MD Water Quality Loan dated November 1990, 4.894% - due serially to 2011	\$ 3,722,000	\$ 282,175
State of MD Water Quality Loan dated November 1991, 4.458% - due serially to 2013	13,586,473	2,962,325
State of MD Water Quality Loan dated February 1999, 2.39% - due serially to 2019	1,200,000	635,002
State of MD Water Quality Loan dated September 1999, 2.52% - due serially to 2018	11,585,000	4,914,848
USDA Rural Development Bond of 2001, 4.5% - due serially to 2031	1,080,000	890,887
Public Improvement Bond of 2002 - 3.5% - 5.0% - due serially to 2022	28,940,000	3,415,000
Refunding Bond of 2003 - 3% - 5.0% - due serially to 2012	17,472,031	5,308,041
Public Improvement Bond of 2004-2.0% - 4.375% - due serially to 2024	4,060,000	2,800,000
USDA Rural Development Bond of 2004, 4.375% - due serially to 2034	210,000	186,686
Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024	6,510,000	5,220,739
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	23,445,000
USDA Rural Development Bond of 2008 4.5% - due serially to 2038	345,500	337,022
Refunding Bond of 2009 3.0% - 4.0% - due serially to 2020	4,251,964	3,716,174
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	23,900,000
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	608,172
Public Improvement bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	23,513,491
Public Improvement bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	26,505,380	26,505,380
Total Bonds Outstanding	192,185,011	128,640,942
Deferred Gain on Refunding	60,652	57,756
Deferred Loss on Refunding	(1,677,062)	(456,549)
Total	<u>\$ 190,568,601</u>	<u>\$ 128,242,149</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2011	\$ 10,346,027	\$ 4,698,239	\$ 15,044,266
2012	9,036,097	5,400,599	14,436,696
2013	8,692,231	5,044,556	13,736,787
2014	6,119,097	4,696,759	10,815,856
2015	6,973,741	4,407,143	11,380,884
2016-2020	32,661,383	17,380,544	50,041,927
2021-2025	29,419,770	9,925,395	39,345,165
2026-2030	22,271,894	3,658,807	25,930,701
2031-2035	3,052,896	110,018	3,162,914
2036-2039	67,806	5,861	73,667
Deferred Loss on Refunding	(398,793)	-	(398,793)
	\$ <u>128,242,149</u>	\$ <u>55,327,921</u>	\$ <u>183,570,070</u>

For the year ended June 30, 2010, total principal and interest incurred related to business-type activities was \$10,031,325 and \$3,342,871.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The balance at June 30, 2010 consists of three capital leases:

Waste to Energy Lease	\$ 1,692,250
2007 Capital Lease Purchase	7,424,166
2009 Capital Lease Purchase	5,685,344
	\$ <u>14,801,760</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

The annual debt service requirements to maturity for the capital lease obligations are as follows:

<u>Fiscal Year Ending June 30,</u>		
2011	\$	6,187,080
2012		6,150,680
2013		1,968,118
2014		1,545,069
Total minimum lease payments		<u>15,850,947</u>
Less: deferred interest		<u>(1,049,187)</u>
Present value minimum lease payments	\$	<u><u>14,801,760</u></u>

For the year ended June 30, 2010, total principal and interest incurred related to capital leases was \$5,524,142 and \$744,215.

The assets acquired through capital leases, by major classes, are as follows:

<u>Capital Lease Assets</u>		
Vehicles	\$	12,516,007
Equipment		10,789,413
Harford Waste-to-Energy Facility		
Land	\$	288,793
Buildings		3,594,428
Equipment		18,093,619
Vehicles		<u>593,910</u>
Total Waste-to-Energy Assets		<u>22,570,750</u>
Total Capital Lease Assets	\$	<u><u>45,876,170</u></u>

Business-Type Activities: The balance at June 30, 2010 of \$134,150 consists of a lease purchase agreement entered into with M&T bank in April 2007.

<u>Fiscal Year Ending June 30,</u>		
2011	\$	70,261
2012		<u>70,261</u>
Total minimum lease payments		140,522
Less: deferred interest		<u>(6,372)</u>
Present value minimum lease payments	\$	<u><u>134,150</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended June 30, 2010, total principal and interest incurred related to capital leases was \$63,414 and \$6,332.

The assets acquired through capital lease, by major classes, are as follows:

Capital Lease Assets	
Vehicles	\$ 135,500
Equipment	182,013
Total Capital Lease Assets	\$ <u>317,513</u>

COMPONENT UNITS

Board of Education: The Board has entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The asset acquired and capitalized under the capital lease is a building, valued at \$10,852,395. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Fiscal Year Ending June 30,		
2011	\$	823,822
2012		823,822
2013		823,822
2014		823,822
2015-2019		4,119,110
2020-2024		4,119,110
2025-2029		4,119,110
2030		823,822
Total minimum lease payments		<u>16,476,440</u>
Less: Amount representing interest		<u>(6,191,798)</u>
Present Value of Minimum Lease Payments	\$	<u>10,284,642</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

	Principal Balance June 30, 2010	Interest Paid In Fiscal Year 2010	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ 1,300,000	\$ 74,750	5.75%/Annually	09/2008	09/2018
Preston	1,186,000	-	3.50% Annually	10/2009	10/2013
Stuart Terrace	16,561	-	0.00%/Annually	07/2009	07/2033
Vest	-	17,500	5.00%/Annually	05/2008	05/2010
Washington Court	1,620,000	104,505	5.78%/Semi	02/2002	08/2015
WTE Retrofit	5,460,000	349,650	4.79%/Semi	03/2005	03/2014
	<u>\$ 9,582,561</u>	<u>\$ 546,405</u>			

The annual debt service requirements to maturity for the notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2011	\$ 1,595,438	\$ 493,996	\$ 2,089,434
2012	1,965,701	410,775	2,376,476
2013	2,035,701	313,085	2,348,786
2014	1,991,701	211,391	2,203,092
2015	235,701	109,812	345,513
2016-2020	1,748,505	312,907	2,061,412
2021-2025	3,505	-	3,505
2026-2030	3,505	-	3,505
2031-2034	2,804	-	2,804
	<u>\$ 9,582,561</u>	<u>\$ 1,851,966</u>	<u>\$ 11,434,527</u>

For the year ended June 30, 2010, total principal and interest incurred related to notes payable was \$1,785,438 and \$546,405.

Business Type Activities: In October 2002, the County entered into a loan agreement with the State Department of Business and Economic Development pursuant to the provisions of the Maryland Economic Development Assistance Authority and Fund. The proceeds were used to finance a portion of the Edgewood-Joppa Enterprise Zone project to extend the public sewer.

	Principal Balance June 30, 2010	Interest Paid This Fiscal Year	Annual Rate/ Payment Frequency	Payment Begin	Date Matures
DBED Loans:					
Strescon Edgewood-Joppa	\$ 36,089	\$ 1,483	3.00%/Qtrly	10/2003	04/2011

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual debt service requirements to maturity for the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2011	\$ <u>36,089</u>	\$ <u>695</u>	\$ <u>36,784</u>

For the year ended June 30, 2010, total principal and interest, including accrued interest, incurred related to the notes payable was \$35,317 and \$1,483.

f. LANDFILL CLOSURE LIABILITY

PRIMARY GOVERNMENT

Subtitle D of the Resource Conservation and Recovery Act of 1976, as amended, provides Federal guidelines and standards for municipal solid waste landfill closure and post-closure care. The State of Maryland's laws for solid waste management parallel Federal law. The permit for the Harford Waste Disposal Center is issued by the State and is subject to renewal every five years. Federal and State laws and regulations require the County to place a final cover on the Harford Waste Disposal Center when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a thirty-year period after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement No. 18 requires the County to measure and recognize a portion of these closure and post-closure care costs each period based on landfill capacity used as of each balance sheet date.

As of June 30, 2010, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Assets:

	<u>Beginning Balance</u>	<u>Current Year Additions (Deductions)</u>	<u>Ending Balance</u>
Cumulative Liability for Open Landfills	\$ 15,301,157	\$ 199,629	\$ 15,500,786
Estimated Liability for Closed Landfills	<u>16,228,637</u>	<u>(206,825)</u>	<u>16,021,812</u>
	\$ <u>31,529,794</u>	\$ <u>(7,196)</u>	\$ <u>31,522,598</u>

The Cumulative Liability for the Open Landfill represents the cost, based on use of 97.7 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$363,058 as the remaining estimated capacity is used. As of June 30, 2010, it is estimated that the landfill has approximately 16 months before permitted space is filled.

The Estimated Liability for Closed Landfills represents the cost for final closure and post-closure care of Harford County municipal solid waste landfills that are no longer accepting solid waste.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Unreserved Fund Balance has been designated to cover the Cumulative Liability for Open Landfills, in the amount of \$15,500,786, (see NOTE 4 – DETAILED NOTES ON ALL FUNDS, G. Fund Balance, b. Governmental Activities with Unreserved Fund Balances Designated for Other Purposes).

The total estimated future cost of landfill closure is calculated in current dollars. Annual reevaluation of the estimated total cost of closure and post-closure care will be made to adjust for the effects of inflation or deflation, changes in the closure or post-closure plan, and changes in Federal, State and local regulatory requirements.

Harford County, Maryland; Baltimore County, Maryland and Northeast Maryland Waste Disposal Authority entered into an agreement January 16, 2008, entitled "Municipal Solid Waste Disposal Agreement". Baltimore County agrees to accept municipal solid waste from Harford County under the terms of this agreement. Once the expansion of the Harford County Waste Disposal Center has been permitted, Baltimore County will deliver to Harford County in an amount equal to 130% of the waste received from Harford County. As of June 30, 2010, Harford County had delivered 108,088 tons of municipal solid waste to Baltimore County. The cost estimate to dispose of this waste is \$10,791,526.

The County was issued a Refuse Disposal Permit (2000-WMY-0570) on October 5, 2007, which provides for construction and operation new landfill cells at the Harford Waste Disposal Center. The first of the new landfill cells is expected to be operational in September 2011. The additional design capacity of the initial area of expanded landfill is approximately 675,000 cubic yards of municipal solid waste and is anticipated to have a service life of approximately four years. The total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

g. ADVANCED REFUNDING OF DEBT

This fiscal year, on June 16, 2010, Harford County issued \$25,770,000 of Maryland Consolidated Public Improvement Refunding Bonds, Series 2010 with an effective interest rate of 2.24 percent, to provide resources to refund certain maturities of the 2001 and 2002 bonds. These resources were placed in an irrevocable trust to provide for all future debt service payments of \$27,525,000 of general obligation bonds. Of this amount, \$26,875,000 had been recorded in the governmental activities column and \$650,000 in the business-type activities column. At June 30, 2010 the refunded bonds are considered defeased and have been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by a net of \$1,877,225. Of this amount, a loss of \$1,913,467 has been recorded in the governmental activities and a gain of \$36,242 in the business-type activities. This amount is being netted against the new debt and amortized on a straight-line basis over the remaining life of the new debt. This advanced refunding was undertaken to reduce total debt service payments over the next 11 years by \$2,956,755 and resulted in an economic gain of \$4,278,555.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. FUND BALANCE

a. GOVERNMENTAL ACTIVITIES WITH RESERVATION OF FUND BALANCE

Reservations of fund balance segregate a portion of the balance to indicate that these resources are for a specific purpose and are not available for appropriation for other purposes. As of June 30, 2010, fund balances were reserved as follows:

	General	Highways	Grant
Encumbrances	\$ 1,424,165	\$ 1,731,599	\$ 5,175,046
Dedicated Revenues	20,826,362	-	-
Inventory	-	2,019,073	-
Loan Receivable	578,873	-	-
	<u>\$ 22,829,400</u>	<u>\$ 3,750,672</u>	<u>\$ 5,175,046</u>
	Capital Projects	Non-Major Parks and Recreation	Total
Encumbrances	\$ 31,725,152	\$ 8,861	\$ 40,064,823
Dedicated Revenues	1,283,274	-	22,109,636
Inventory	-	-	2,019,073
Loan Receivable	-	-	578,873
	<u>\$ 33,008,426</u>	<u>\$ 8,861</u>	<u>\$ 64,772,405</u>

**b. GOVERNMENTAL ACTIVITIES WITH UNRESERVED FUND BALANCES
DESIGNATED FOR OTHER PURPOSES**

As of June 30, 2010, Unreserved Fund Balances designated for other purposes are as follows:

	General	Agricultural Land Preservation	Total
Designated for Landfill Closure Costs	\$ 15,500,786	\$ -	\$ 15,500,786
Waste to Energy Plant Closure	63,350	-	63,350
Designated for Future Principal Payments on Development Rights	<u>-</u>	<u>42,038,898</u>	<u>42,038,898</u>
	<u>\$ 15,564,136</u>	<u>\$ 42,038,898</u>	<u>\$ 57,603,034</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE

PRIMARY GOVERNMENT

The County carries commercial property insurance coverage with a \$2,500 deductible on real and personal property, and a \$25,000 deductible for physical damage to County-owned vehicles.

The County is self-insured for Workers' Compensation, General and Automobile liability losses. The self-insurance program is administered by a risk manager as established by the Harford County Code. The County carries excess coverage for these exposures, with \$350,000 retention for General and Automobile liability claims and \$500,000 retention for Workers' Compensation claims. The County is also required to maintain reserve funds of \$750,000 for Workers' Compensation claims in accordance with Article 101, Section 16 of the Code of Public General Laws of Maryland.

The pending claims liability of \$5,097,869 reported in the fund at June 30, 2010, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, ALAE, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2010, and June 30, 2011. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported, IBNR claims. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses, which are typically 5 percent. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The changes in the fund's claims liability are as follows:

<u>Fiscal Year</u>		<u>Beginning of Year</u>		<u>Changes in Estimates</u>		<u>Payments</u>		<u>End of Year</u>
2009	\$	4,990,720	\$	1,829,193	\$	(1,456,614)	\$	5,363,299
2010	\$	5,363,299	\$	1,157,253	\$	(1,422,683)	\$	5,097,869

COMPONENT UNITS

Board of Education: The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is a member of the Maryland Association of Boards of Education Group Liability Insurance Pool and the Workmen's Compensation Self-Insurance Fund. These pools are self-insurance funds for the various member Maryland Boards of Education. The pools were organized for the purpose of minimizing the cost of insurance and related administrative expenses. Coverage is provided up to specified limits and the Harford County Board of Education pays an annual premium for the coverage provided by these pools. In addition to general liability insurance, the Group Liability Insurance Pool also provides coverage for property liability and automobile liability. Third-party carriers provide coverage above these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Harford Community College: The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College purchases commercial insurance to protect its interests.

Harford County Library: The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a component unit of Harford County, Maryland, insurance for such losses is purchased from Harford County each year via a reduction in annual appropriations. Harford County purchases commercial insurance to cover the Library's buildings. Other claims are covered by Harford County's Self Insurance fund. As a condition to this participation, the Library must provide a physical inventory of all building contents, which the risk management department of the County appraises for insurance purposes. In addition, Harford County performs an inspection of all Library buildings annually. There have been no significant reductions in insurance coverage from the prior year. In addition, the amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

The County is involved in numerous lawsuits that normally occur in governmental operations, including claims for personal injury and personnel practices and disputes over contractual obligations and condemnation proceedings. The County has provided allowances for estimated probable losses on outstanding claims and incurred but not reported claims. The County is actively defending its position in each of these cases. In the opinion of the County officials and solicitors, resolution of these matters will not have a material adverse effect on the financial statements.

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2010, the County estimates that no material liabilities will result from such audits.

The County had \$240,875,922 authorized but unobligated capital project appropriations at June 30, 2010 in the governmental capital fund and \$148,751,405 in the water & sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit C-1 and D-1.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

Board of Education: The Board has been named as defendant in several lawsuits, the outcome of which is uncertain. It is anticipated by the Board that an adverse decision on any or all of these suits would not have a material adverse effect on their financial statements.

C. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of the Consolidated Public Improvement Bonds of 2002, 2004, 2005, 2007 2009 and 2010. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report at June 30, 2010.

D. CONDUIT DEBT

PRIMARY GOVERNMENT

From time to time, the County has issued Maryland Industrial Development Revenue Bonds, Maryland Economic Development Revenue Bonds, and Maryland Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and provision of housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2010, there were 14 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the eleven bonds issued after July 1, 1996, is \$96.1 million as of June 30, 2010. The aggregate principal amount payable for the three series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$9.7 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

E. RETIREMENT PLANS

a. RETIREMENT INCENTIVE - HARFORD COUNTY GOVERNMENT

As a cost saving initiative the County offered a one-time retirement incentive on January 22, 2010 to all employees eligible to retire and would commit to retire before before March 12, 2010, with a retirement date no later than June 30, 2010. Each retirement would mean a reduction in salary costs either by reducing staff or replacing a current employee with a lower paid employee.

Ordinarily any employee who retires is entitled to cash compensation for an amount equivalent to 50 percent of the employee's sick leave in addition to the amount equal to the employee's accrued annual leave (maximum of 59 days), accrued compensatory leave and accrued personal leave. The County's incentive was to provide 100 percent of the employee's sick leave rather than the 50 percent normally paid out. Leave payouts are calculated using the employee's current hourly rate times all of the hours accrued. Of the entire County employment base, 53 employees took this incentive and the entire leave payout was paid upon termination. The cost of the additional 50 percent sick leave amounted to \$2,518,791 which is included in the grand total retiree leave payout of \$5,587,243.

b. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

Plan Description: The employees of the reporting entity, other than certain correctional employees, who are covered by the Sheriff's Office Pension System, are covered by either the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, or the Law Enforcement Officers' Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this multi-employer, defined benefit system which provides pension benefits and death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling 410-946-5900.

Funding Policies: Plan Members of the Employees' Retirement System contribute up to 7 percent of their covered salary each fiscal year. Effective July 1, 2006, the Governor signed House Bill 1737, State Employees' and Teachers' Pension Enhancement Benefit Act of 2006. Members of the Employees' Pension System contributed 5 percent of their covered salary each fiscal year. Members of the Law Enforcement Officers' Pension System contribute 4 percent of their covered salary each fiscal year. The County and its component units are required to contribute at an actuarially determined rate.

The contribution requirements of plan members of the reporting entity are established and may be amended by the System Board of Trustees.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

The contributions for the fiscal year ending June 30th to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

	2010	2009	2008
Primary Government	\$ 10,608,427	\$ 10,369,947	\$ 11,409,372
Component Units:			
Board of Education	3,469,631	2,985,775	3,183,434
Harford Community College	56,352	46,888	49,780
Harford County Library	134,806	123,580	129,063

c. PENSION PLAN – VOLUNTEER FIREMEN

The County instituted and began administering a single employer defined benefit length of service award program, or LOSAP, for volunteer firemen and ambulance personnel on January 31, 1975. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Treasurer's Office, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

Plan Description: This LOSAP, Length of Service Award Program is different from traditional qualified retirement plans. There is a special section in the Internal Revenue Code covering these plans: section 457(e)(11). The County's plan meets the requirements of this section, which means the payments to the fire fighters are not treated as "wages"; and, because the County is an "eligible employer", as defined by IRS, the plan is tax exempt.

Based on County statutes, the firemen and ambulance personnel are eligible to participate upon accumulating "50 (fifty) points", which are determined in accordance with a specific point system. Benefits vest upon 25 years of service credit. The plan generally provides \$5,000 burial benefits and certain benefits for disability. Regular benefits are calculated at \$12 per month for each of the first 25 years of service plus \$6 per month for each year in excess of 25. The maximum benefit is \$450 per month. Normal form of benefit is a life annuity for the volunteer with a 50 percent survivor benefit for the spouse of the volunteer.

The membership data related to the plan at June 30, was as follows:

Retirees and beneficiaries currently receiving benefits	367
Terminated plan members entitled to, but not yet receiving benefits	326
Active plan members	<u>1,229</u>
Total	<u>1,922</u>

Basis of Accounting: The Firemen's LOSAP plan uses the accrual basis of accounting. The County contributions are revenues in the period in which volunteer services are performed. Benefits are recognized when due and payable in accordance with the terms of the plan.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Method used to Value Investments: Investments are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the volunteer firemen's LOSAP plan.

Contributions and Funding Policy: Under provisions of County statutes, the County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Periodic County contributions to the pension plan are determined by an actuarially determined rate. Since there are no "salaries," the rate cannot be expressed as a percentage of covered payrolls. There are no participant financed benefits in this plan. Administrative costs are financed through investment earnings.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to The County for this LOSAP are as follows:

Annual Required Contribution	\$ 1,700,477
Contributions made	<u>(1,700,477)</u>
Net Pension Obligation, Beginning and end of the year	\$ <u>-</u>

Actuarial Information: The annual required contribution for the current year was determined as part of the September 30, 2009, actuarial valuation using the entry age level dollar funding method, with a 15 year closed period amortization of the unfunded liability. Under this method a normal cost is calculated which would, if contributed annually, fund each volunteer's benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6 percent investment rate of return compounded annually. The Firemen are voluntary and therefore would not have a projected salary increase. The assumptions did not include post retirement benefit increases since none are provided. The actuarial value of assets was determined using market value as of June 30, 2009, plus adjustments to September 30, 2009.

Three years of trend information is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
7/01/2007	\$ 1,387,771	100%	NONE
7/01/2008	2,387,771	100%	NONE
7/01/2009	1,700,477	100%	NONE

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Funded Status and Funding Progress: The following is the funded status information for the plan as of September 30, 2009, the most recent actuarial valuation date and the two preceding years.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
9/30/2007	\$ 13,307,771	\$ 24,290,687	54.8%	\$ 10,982,916	N/A	N/A
9/30/2008	14,114,730	24,678,279	57.2%	10,563,549	N/A	N/A
9/30/2009	13,504,346	26,534,379	50.9%	13,030,033	N/A	N/A

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

d. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. The SOPS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Treasurer’s Office, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

The Internal Revenue Service issued a determination letter on September 20, 2002, which stated that the Plan and its underlying trust qualify under the applicable provision of the Internal Revenue Code, and therefore are exempt from Federal income taxes. In the opinion of the Plan Administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Internal Revenue Code.

Plan Description: Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance. The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective July 1, 2005, per Bill 05-22, the cost of living increase of the CPI-U is limited to 3 percent applied each July 1 for all participants in pay status for the requisite 12 months.

The membership data related to the SOPS at June 30 was as follows:

Plan Participants

Retirees and beneficiaries currently receiving benefits	61
Terminated plan members entitled to, but not yet receiving benefits	8
Terminated non-vested participants who had not yet received their employee contributions	1
Active Plan members	120
Total	190

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Basis of Accounting: The SOPS uses the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method used to Value Investments: Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the Sheriff's Office Pension System.

Contributions and Funding Policy: Plan members are required to contribute 7 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 28.6 percent of covered payroll. Per Bill 97-20, contribution requirements of the plan members and the County are established and may be amended by County legislature. Administrative costs of the SOPS are to be paid by the trust unless the County decides to do so.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to the County for the SOPS are as follows:

Annual Required Contribution	\$ 2,019,123
Contributions made	<u>(2,019,123)</u>
Net Pension Obligation, Beginning and end of the year	\$ <u>-</u>

Actuarial Information: The annual required contribution for the current year was determined as part of the July 1, 2009, actuarial valuation using the projected unit cost method. Under this method, the actuarial liability represents the present value of projected benefits prorated for service to date for current participants. The normal cost represents the present value of projected benefits allocated to the current year for active participants who have not attained normal retirement age. Any actuarial gains and losses resulting from actual plan experiences either more or less favorable than anticipated on the basis of the actuarial assumptions and asset valuation method will result in direct adjustments of the unfunded actuarial accrued liability. These adjustments will be amortized over a rolling 15-year period.

Generally, contributions toward the funding of the plan are derived as the sum of the normal cost and a payment toward the amortization of the unfunded actuarial liability. The original unfunded accrued liability will be amortized over the next 12 years, closed; various adjustments are being amortized over 12 to 27 years, closed. Payments toward the unfunded liability increase by 3 percent per year. The actuarial assumptions included (a) a 7.50 percent investment rate of return compounded annually and (b) salary increases of 9.50 percent for each of the first four years of service, 6.50 percent for the fifth year, 5.50 percent for each of the next five years, 5.00 percent for each of the next 15 years, and 3.50 percent annually thereafter.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Three years of trend information is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 2,388,571	100%	NONE
6/30/2009	2,745,971	100%	NONE
6/30/2010	2,019,123	100%	NONE

Funded Status and Funding Progress: The following is the funded status information for the plan as of 7/1/2010 and two years preceding:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Cost</u>	<u>Percentage Funded (1)/(2)</u>	<u>Unfunded AAL (UAAL) (2)-(1)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((2-1)/(5))</u>
7/1/2007	\$ 26,445,775	\$ 40,988,678	64.5%	\$ 14,542,903	6,222,088	233.7%
7/1/2008	29,402,030	43,903,198	67.0%	14,501,168	6,863,159	211.3%
7/1/2009	31,366,930	45,900,102	68.3%	14,533,172	6,636,738	219.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

e. PENSION PLANS – COMPONENT UNITS

Harford Center, Inc.: The Center participates in a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees of the Center. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. Plan expenses were \$10,000 for the year ended June 30, 2010.

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

Beginning in fiscal year 2008 the County administers a single employer defined benefit post-employment health care plan, titled Other Post Employment Benefit (OPEB) Plan (the Plan). The County established a trust to act solely as a funding mechanism for the employers cost of benefits provided by the OPEB Plan. This trust fund is included solely in these financial statements and does not issue a publicly available financial report, as an Other Post Employment Benefits Trust Fund.

Plan Description: The County's OPEB Plan is established by the Administrative Policy on Retiree Medical Benefits (APRMB) of Harford County, Maryland, effective July 1, 1994, as amended. The APRMB defines the terms, including eligibility and benefits, of the retiree health and welfare benefits provided by the County. Employees of the County who retire from active County service with a pension benefit under the Maryland State

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Retirement System or the Sheriff's Office Pension System may receive a subsidy toward the purchase of group APRMB, or any portion thereof, at any time for any reason.

Under the current APRMB, retirees may continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. Employees with deferred retirements are not eligible for a subsidy. Effective July 1, 1998, the spouses of employees also receive a subsidy toward the purchase of group health benefits. Spouses receive the same subsidy as the retiree. The subsidy for retirees and their spouses for post-employment medical insurance is based on the employee's years of service with the County. From July 1, 2008 to February 28, 2009, 10 years was required to receive a subsidy. Effective March 1, 2009, the APRMB was changed to require a minimum of 20 years to receive a subsidy. This change does not apply to any Sheriff's Office personnel; and is not retroactive for any employees who retired on or before March 1, 2009. Any employee that does not elect to enroll in benefits at the time of the employee's retirement has forfeited the right to any future retiree medical benefits. The subsidy related to years of service for all County employees effective March 1, 2009 is:

Years of Credit Service	Employer Subsidy Percentage	
	Employees Retiring Prior to March 1, 2009 And Sheriff's Office Employees	Employees Retiring On or after March 1, 2009
0-9 years	0%	0%
10-14 years	75%	0%
15-19 years	80%	0%
20-24 years	85%	85%
25 years or more	90%	90%

The Sheriff's Office employees are also eligible for 90% subsidy for in-line-of-duty retirements with a minimum of 5 years of service. Membership in the plan consisted of the following as of the most recent actuarial valuation, dated March 23, 2009:

<u>Plan Participants</u>		
Retirees (Pre-Medicare)	207	*
Retirees (Medicare Age)	240	*
Active Employees	<u>1,453</u>	
Total	<u>1,900</u>	

* Does not include spouses

Basis of Accounting: The plan uses the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

Funding Policy: The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible the beneficiaries/dependents. The County may contribute to the Trust Fund those amounts that the County Council appropriates. All contributions and all earnings and other additions, less payments, constitute the assets of Trust Fund; which must be held for the exclusive benefit of participants covered by the APRMB. The Trust may be, but is not required to be, the sole source of funding for the employers share of the cost of benefits to be provided under APRMB. The County contributed the full ARC during fiscal year 2010; the retirees paid \$500,156 toward the cost of their benefits. The Trust reimbursed the County for the County's share of retiree's premiums of \$2,757,539. In addition the hidden subsidy, actuarially estimated at \$705,000 for fiscal year 2010, transferred from Trust to the County, leaving Trust Assets of \$30,551,063.

Trust Assets at June 30, are derived as follows:

Trust Net Asset Balance as of July 1, 2009	\$	21,453,633
County Contribution		12,480,000
Interest and Dividends		79,969
Retirees Contributions		500,156
Payment for County's Share of Premiums		(2,757,539)
Payment for Retirees' Share of Premiums		(500,156)
Estimated Hidden Subsidy Transfer		(705,000)
Trust Net Asset Balance as of June 30, 2010	\$	<u>30,551,063</u>

Method Used to Value Investments: Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County plans to hire an investment firm to manage the investments of the Other Post Employment Benefits Trust Fund.

Annual OPEB Cost and Net OPEB Obligations: The County's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2010 were as follows:

Annual Required Contribution	\$	12,480,000
Contributions made		<u>(12,480,000)</u>
Net OPEB Obligation, Beginning and End of the Year	\$	<u>-</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010 and the two preceding years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 14,198,000	100%	NONE
6/30/2009	12,284,000	100%	NONE
6/30/2010	12,480,000	100%	NONE

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2010. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Three years of trend information is as follows:

<u>As Of:</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(1)/(2) Funded Ratio</u>	<u>(2) – (1) Unfunded AAL (UAAL)</u>	<u>(5) Covered Payroll</u>	<u>((2 – 1)/5) UAAL as a Percentage Of Covered</u>
7/1/2007	\$ -	\$ 126,613,000	0.0%	\$ 126,613,000	\$ 84,351,442	150.1%
7/1/2008	12,032,859	127,648,000	9.4%	115,615,141	92,612,815	124.8%
7/1/2009	21,453,633	132,988,000	16.1%	111,534,367	92,626,552	120.4%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The annual required contribution for the current year was determined as part of the March 23, 2009 actuarial evaluation using the projected unit credit method; it is being amortized over a period of 30 years. The actuarial assumptions include an 8 percent investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per annum. This assumption is used to determine the level percentage of payroll amortization factor.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

The Board of Education (the Board) provides medical, dental and life insurance benefits to eligible employees who retire from employment with the Harford County Public School System. The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget. Details of the postemployment benefits provided are as follows:

Medical Benefits – Retirees are eligible for continued membership in one of the school system's group medical plans provided that they have at least 10 years service with the Harford County Public Schools and are under 65 years of age. The school system pays premiums for these plans limited to 80% or 90% based on the health plan chosen. Supplemental coverage for retirees 65 years of age and older are also paid up to 90% of premiums for such coverage. The medical benefits paid by the Board for the year ended June 30, 2010 was \$13,961,138. As of June 30, 2010; 1,834 of approximately 2,003 eligible participants were receiving benefits.

Dental Benefits – The Board pays 90% of dental coverage for retirees with at least 10 years service. The dental benefits paid by the Board for the year ended June 30, 2010 was \$736,272. As of June 30, 2010; 1,835 of approximately 2,003 eligible participants were receiving benefits.

Life Insurance Benefits – the Board pays 90% of the life insurance premiums for retirees with at least 10 years of service with the amount of insurance coverage reducing from \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Board for the year ended June 30, 2010 was \$42,583. As of June 30, 2010; 1,761 of approximately 2,003 eligible participants were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual required contribution	\$	54,208,000
Interest on net OPEB obligation		1,781,000
Amortization of net OPEB obligation		(1,822,000)
Annual OPEB cost (expense)		54,167,000
Contributions made		(16,468,000)
Increase in net OPEB obligation		37,699,000
Net OPEB obligation - beginning of year		44,513,815
Net OPEB obligation - end of year	\$	<u>82,212,815</u>

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of Harford Community College is eligible to participate in the plan. The College allows access to the plan if the retiree: a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or b) meets the minimum age

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. A closed group of retirees receives an annual subsidy of \$4,800 as part of a retirement window benefit program. As of June 30, 2010, there were eight eligible and participating retirees receiving an annual subsidy. As of June 30, 2010, there were 47 participants out of 301 total participants receiving benefits.

The College funds its post-employment benefits on a pay-as-you-go basis. The 2010 fiscal year cost for the College was \$67,000.

The College's OPEB cost is calculated based on the ARC of the employer, an amount that was actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At June 30, 2010, the College's annual required contribution; contributions made and net OPEB obligation were:

Annual required contribution	\$ 67,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>67,000</u>
Contributions made	<u>(35,987)</u>
Increase in net OPEB obligation	31,013
Net OPEB obligation - beginning of year	<u>52,221</u>
Net OPEB obligation - end of year	<u><u>\$ 83,234</u></u>

The Harford County Library (the Library) provides a portion of medical insurance benefits, in accordance with state statutes, to eligible employees who retire from employment with the Harford County Public Library. The Library's contributions are financed on a pay-as-you-go basis through the County.

Employees who retire from Harford County Public Library who are eligible to participate in the State Pension Plan are eligible for medical insurance during retirement. Retirees who are eligible for this subsidy must elect coverage at the time of retirement. Retirees may not elect to discontinue and re-enroll at a later date. Currently, 32 retirees who meet eligibility requirements for employer subsidized health insurance are enrolled in the retiree medical plans.

Annual OPEB Cost and net OPEB Obligation – The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – OTHER INFORMATION– CONTINUED

The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation.

Annual required contribution	\$	1,561,000
Interest on net OPEB obligation		86,000
Adjustment to annual required contribution		(82,000)
Annual OPEB cost (expense)		<u>1,565,000</u>
Actuarial Change in Assumptions		344,125
Contributions made		<u>(106,915)</u>
Increase in net OPEB obligation		1,802,210
Net OPEB obligation - beginning of year		<u>1,802,723</u>
Net OPEB obligation - end of year	\$	<u><u>3,604,933</u></u>

The Library has designated \$841,002 at June 30, 2010 and has appropriated an additional \$280,000 in its fiscal year 2011 budget to fund the OPEB liability.

G. SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

The County passed two bills authorizing future debt, the bills are:

- Bill No. 10-18, effective August 16, 2010, authorizing the sale of bonds for a maximum amount of \$37,500,000, proceeds to be used for the expansion, reconstruction, rehabilitation, renovation and improvement of certain projects as described in the Annual Budget and Appropriation Ordinance.
- Bill No. 10-17, effective August 16, 2010, authorizing the sale of a lease, lease/ purchase or installment purchase for a maximum amount of \$10,000,000, proceeds to be used for the financing and acquisition of certain necessary and essential computer software to be used to secure, protect, and safeguard all or a portion of the business and financial operations of the County.

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

**HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS**

Schedule 1

SHERIFF'S OFFICE PENSION SYSTEM

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
7/1/2007	26,445,775	40,988,678	64.5%	14,542,903	6,222,088	233.7%
7/1/2008	29,402,030	43,903,198	67.0%	14,501,168	6,863,159	211.3%
7/1/2009	31,366,930	45,900,102	68.3%	14,533,172	6,636,738	219.0%

VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
9/30/2007	13,307,771	24,290,687	54.8%	10,982,916	N/A	N/A
9/30/2008	14,114,730	24,678,279	57.2%	10,563,549	N/A	N/A
9/30/2009	13,504,346	26,534,379	50.9%	13,030,033	N/A	N/A

N/A Not applicable because the volunteers are not compensated.

**HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT (OPEB) TRUST**

Schedule 2

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
7/1/2007	-	126,613,000	0.0%	126,613,000	84,351,442	150.1%
7/1/2008	12,032,859	127,648,000	9.4%	115,615,141	92,612,815	124.8%
7/1/2009	21,453,633	132,988,000	16.1%	111,534,367	92,626,552	120.4%

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT (OPEB) TRUST FUND

Schedule 3

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	14,198,000	100%
2009	12,284,000	100%
2010	12,480,000	100%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	3/23/2009
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Percentage of Projected Payroll
Remaining amortization factor	16 (rounded)
Asset valuation method	Market Value
Actuarial assumptions:	
Discount Rate	8%
Projected salary increases	3.50%



Supplementary Information

Schedules and Combining Statements

The schedules provide selected detailed information concerning the general fund, parks & recreation special revenue fund, capital project fund and enterprise fund; and the combining statements provide detailed information concerning the financial position and results of operations for the internal service and fiduciary funds.

Governmental Funds

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Fund

Parks & Recreation Special Revenue Fund - Parks & Recreation Special Revenue Fund was established by Council Bill 00-64 to account for the receipts and expenditures of the self-supporting activities of the Emmorton Recreation and Tennis Center, Recreation Councils and/or the Oakington Peninsula.

Capital Projects Fund

General County Capital Projects Fund – This fund accounts for the financial resources used in the acquisition, renovation, and construction of major general county capital assets, including general government, education, library, public safety, public works, and parks and recreation projects.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL	VARIANCE
	ORIGINAL	FINAL	REVENUES	POSITIVE (NEGATIVE)
				ESTIMATED
				REVENUES
<u>TAXES</u>				
911 Program Fee	\$ 1,875,000	\$ 1,875,000	\$ 1,684,100	\$ (190,900)
Admissions and Amusement Tax	500,000	500,000	576,966	76,966
Corporate Property/Current Year	7,305,496	7,305,496	9,797,294	2,491,798
Corporate Property/Prior Years	(100,000)	(100,000)	(14,331)	85,669
Business Personal Property/Current Year	184,696	184,696	254,693	69,997
Business Personal Property/Prior Years	(5,000)	(5,000)	10,091	15,091
County Service Charges	461,250	461,250	477,861	16,611
Delinquent Tax Costs	66,625	66,625	77,564	10,939
Impact Fees	2,306,344	2,306,344	3,499,446	1,193,102
Income Taxes/Current Year	151,410,711	151,410,711	151,261,270	(149,441)
Income Taxes/Prior Years	3,882,326	3,882,326	2,919,768	(962,558)
Interest on Delinquent Taxes	900,000	900,000	995,300	95,300
Mobile Home Excise Tax	220,000	220,000	220,965	965
Payment in Lieu of Taxes	275,000	275,000	249,382	(25,618)
Penalty	875,000	875,000	960,665	85,665
Railroad and Public Utilities	12,164,500	12,164,500	12,279,717	115,217
Real Property - Full Year Levy	250,977,722	250,977,722	247,763,075	(3,214,647)
Real Property - Half Year Levy	452,500	452,500	361,426	(91,074)
	<u>433,752,170</u>	<u>433,752,170</u>	<u>433,375,252</u>	<u>(376,918)</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,600,000)	(1,600,000)	(1,426,811)	173,189
Enterprise Zone Tax Credit	(1,290,000)	(1,290,000)	(1,061,046)	228,954
Homeowner's Tax Credit - County	(301,000)	(301,000)	(289,209)	11,791
Community Association Credit	(7,200)	(7,200)	(7,112)	88
Conservation Land Tax Credit	(1,500)	(1,500)	(1,500)	-
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,544,663)	55,337
Homestead Tax Credit - County	(19,513,560)	(19,513,560)	(18,242,520)	1,271,040
Landfill Proximity Credit	(38,000)	(38,000)	(27,282)	10,718
Natural Disaster Tax Credit	(2,500)	(2,500)	(2,754)	(254)
Solar Energy Credit	(100,000)	(100,000)	(140,368)	(40,368)
Surviving Spouse - Fallen Hero Tax Credit	(11,000)	(11,000)	(7,385)	3,615
Surviving Spouse - Veterans Tax Credit	(2,500)	(2,500)	-	2,500
Uncollectible Property Taxes	(110,000)	(110,000)	(84,477)	25,523
	<u>(24,577,260)</u>	<u>(24,577,260)</u>	<u>(22,835,127)</u>	<u>1,742,133</u>
Total Taxes	409,174,910	409,174,910	410,540,125	1,365,215
<u>REVENUES FROM OTHER AGENCIES</u>				
Civil Defense Rebate	110,000	110,000	-	(110,000)
Jury Compensation	150,000	150,000	149,055	(945)
Medicare D Subsidy	-	-	132,964	132,964
Other State	-	-	16,162	16,162
Police Protection	2,747,291	2,747,291	1,265,323	(1,481,968)
Stormwater Management - Town	4,000	4,000	4,000	-
Total Revenues from Other Agencies	3,011,291	3,011,291	1,567,504	(1,443,787)
<u>INVESTMENT INCOME</u>	3,282,029	3,282,029	501,637	(2,780,392)

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL	VARIANCE
	ORIGINAL	FINAL	REVENUES	POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	18,000	18,000	30,685	12,685
Admin Fee - COBRA Insurance	1,100	1,100	924	(176)
Auto Commute - County Employees	-	-	14,608	14,608
Bad Check Fee	2,500	2,500	3,275	775
Board of Prisoners	2,500,000	2,500,000	102,623	(2,397,377)
Building Plan Review	275	275	150	(125)
Building Reinspection Fee	5,000	5,000	4,865	(135)
Child Custody	15,375	15,375	13,722	(1,653)
Commissions	150,000	150,000	139,494	(10,506)
Community Work Service	18,000	18,000	15,700	(2,300)
Concept Plans	2,500	2,500	10,135	7,635
Data Processing Services	-	-	378	378
Design Review	3,075	3,075	513	(2,562)
Detention Center Commissary	300,000	300,000	278,308	(21,692)
Election Fees	12,000	12,000	2,290	(9,710)
Electrical Reinspection Fees	3,500	3,500	2,150	(1,350)
Extension Preliminary Plan Approval	700	700	150	(550)
False Alarm Service Charges	27,000	27,000	139,325	112,325
Final Plats	25,000	25,000	31,260	6,260
Flying Point and Mariner Park Revenue	22,100	22,100	17,070	(5,030)
Food Service Licenses	102,500	102,500	105,219	2,719
Forest Conservation Plan Review	18,000	18,000	13,592	(4,408)
Forest Stand Delineation Review	9,000	9,000	7,635	(1,365)
Harford Cable Network	30,000	30,000	20,566	(9,434)
Hazardous Material Spill Cleanup	25,625	25,625	18,618	(7,007)
Household Waste - Private Vehicle Charge	378,000	378,000	375,148	(2,852)
Inmate Fees for Medical Services	5,000	5,000	4,660	(340)
IRB Administration	12,250	12,250	-	(12,250)
Miscellaneous Revenue - Planning & Zoning	4,500	4,500	3,708	(792)
Miscellaneous Revenue - Sheriff's Office	50,000	50,000	47,979	(2,021)
Onsite Inspection Fees	1,025	1,025	8,199	7,174
Percolation Tests	25,000	25,000	29,650	4,650
Photographs	176	176	429	253
Plumbing Reinspection Fees	1,500	1,500	650	(850)
Police Reports	10,000	10,000	9,847	(153)
Postage	200	200	60	(140)
Public Swimming Pool & Spa Permit	20,000	20,000	19,000	(1,000)
Publications	1,000	1,000	242	(758)
Recycled Batteries	4,200	4,200	3,453	(747)
Recycled Scrap Metal	275,000	275,000	196,221	(78,779)
Recycling Revenue - Miscellaneous	225,000	225,000	358,543	133,543
Reproduction	20,000	20,000	10,057	(9,943)
Sanitation Construction Permit Fee	15,000	15,000	12,000	(3,000)
Sanitation Permits	8,000	8,000	10,540	2,540
Sale of Compost - Scarboro	19,107	19,107	27,985	8,878
Sale of Mulch - Scarboro	88,893	88,893	86,160	(2,733)
Sale of Plans and Specifications	5,000	5,000	7,717	2,717
Sale of Promotional Items	3,500	3,500	2,180	(1,320)

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL	VARIANCE
	ORIGINAL	FINAL	REVENUES	POSITIVE (NEGATIVE)
				ESTIMATED
				REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Sheriff's Fees	325,000	325,000	411,549	86,549
Sheriff's Licenses	12,300	12,300	12,010	(290)
Site Plans	25,000	25,000	6,602	(18,398)
Social Security Payments-Inmates	15,000	15,000	19,800	4,800
State Park Revenue - DNR	40,000	40,000	12,749	(27,251)
Subdivision Plans	50,000	50,000	63,937	13,937
Subdivision Plat Review	12,250	12,250	10,900	(1,350)
Tax Lien Certification	180,000	180,000	200,300	20,300
Technical Review	60,000	60,000	2,506	(57,494)
Telephone Service	20,000	20,000	21,469	1,469
Tipping Fee Credit	(49,848)	(49,848)	(9,665)	40,183
Tipping Fee Balt Co Waste Exchange	-	-	1,048,143	1,048,143
Tipping Fee Solid Waste	1,307,642	1,307,642	193,623	(1,114,019)
Tire Disposal Fees	2,700	2,700	1,719	(981)
Topographic Maps - GIS	-	-	1,884	1,884
Weekend Prisoner Revenue	55,000	55,000	87,930	32,930
Well Sampling	30,750	30,750	31,650	900
Work Release Revenue	125,000	125,000	79,997	(45,003)
WTE - Credit	(392,909)	(392,909)	(382,085)	10,824
WTE - Permitted Materials	495,000	495,000	727,651	232,651
WTE - Recovered Materials	18,500	18,500	17,147	(1,353)
WTE - Steam Sales	3,546,294	3,546,294	3,504,503	(41,791)
WTE - Tipping Fees	5,592,358	5,592,358	5,414,522	(177,836)
WTE - Tire Disposal	450,000	450,000	454,978	4,978
Zoning Appeals	30,000	30,000	9,250	(20,750)
Total Charges for Current Services	16,413,638	16,413,638	14,130,752	(2,282,886)
<u>MISCELLANEOUS</u>				
Edgewood Community Center	12,500	12,500	12,979	479
Grant Unemployment	45,000	45,000	48,114	3,114
Interest on Miscellaneous Invoices	16,500	16,500	21,398	4,898
Miscellaneous Revenue	75,150	75,150	263,921	188,771
Over and Short	(2,000)	(2,000)	826	2,826
Parole and Probation	1,025	1,025	3,532	2,507
Postage	225,500	225,500	217,591	(7,909)
Recovery from Capital Projects	75,000	75,000	86,445	11,445
Recovery from Litigation	-	-	3,371	3,371
Reimbursement from Highways	2,234,562	2,234,562	2,234,562	-
Reimbursement from Water and Sewer Fund	1,832,673	1,832,673	1,832,673	-
Rental Income	325,000	325,000	415,372	90,372
Reproduction - Print	75,000	75,000	3,296	(71,704)
Sale of Usable Property	50,000	50,000	217,505	167,505
Stationary/Forms	7,000	7,000	29	(6,971)
Traffic Safety Recovery	941,097	941,097	941,097	-
Transportation Recovery	3,045,000	3,045,000	2,545,000	(500,000)
Trust & Agency - Risk Management	1,056,657	1,056,657	1,056,657	-
Total Miscellaneous	10,015,664	10,015,664	9,904,368	(111,296)

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
<u>LICENSES AND PERMITS</u>				
Auctioneers Licenses	4,850	4,850	5,550	700
Beer, Wine and Liquor Licenses	6,500	6,500	31,811	25,311
Building Inspection Services	50,000	50,000	106,831	56,831
Building Penalty	13,500	13,500	6,610	(6,890)
Building Permits	375,000	375,000	437,123	62,123
Cable TV	1,400,000	1,400,000	1,475,113	75,113
Close Out Sales Licenses	100	100	125	25
Dog Licenses	72,000	72,000	107,437	35,437
Electrical Board of Examiners	25,000	25,000	39,435	14,435
Electrical Inspections	275,000	275,000	257,133	(17,867)
Electrical Postcard Permits	2,200	2,200	7,235	5,035
Electrical Penalty	6,000	6,000	6,150	150
Forest Harvest Permit	1,800	1,800	1,675	(125)
Kennel Licenses	1,200	1,200	2,400	1,200
Marriage Licenses	14,000	14,000	16,564	2,564
Marriage Licenses/Spouse Abuse	39,000	39,000	32,081	(6,919)
Mechanical Licenses	-	-	8,805	8,805
Mobile Home Park Licenses	10,000	10,000	14,040	4,040
Pawnbrokers Licenses	1,025	1,025	900	(125)
Pet Shop/Grooming Licenses	1,100	1,100	1,400	300
Plumbing Licenses	60,000	60,000	45,145	(14,855)
Plumbing Penalty	1,800	1,800	2,005	205
Plumbing Permits	250,000	250,000	249,722	(278)
Plumbing Postcard Permits	35,000	35,000	34,450	(550)
Refuse Licenses	6,700	6,700	5,950	(750)
Solicitors Licenses	400	400	1,377	977
Taxi Cab Licenses	2,200	2,200	2,758	558
Towing Licenses	5,200	5,200	4,900	(300)
Traders Licenses	225,000	225,000	247,406	22,406
Total Licenses and Permits	2,884,575	2,884,575	3,152,131	267,556
<u>FINES AND FORFEITURES</u>				
Court Fines	25,000	25,000	9,533	(15,467)
Dog License Fines	7,175	7,175	9,160	1,985
Parking Fines	40,000	40,000	55,218	15,218
Parking Fines - County Lots	40,000	40,000	34,530	(5,470)
Total Fines and Forfeitures	112,175	112,175	108,441	(3,734)
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	2,038,000	9,425,727	-	(9,425,727)
Operating Transfers In				
Capital Projects	13,741,357	13,741,357	13,741,357	-
Grants	-	-	461,668	461,668
Pooled Interest	750,000	750,000	-	(750,000)
Total Operating Transfers In	14,491,357	14,491,357	14,203,025	(288,332)
Issuance of Bonds	-	28,885,874	25,161,828	(3,724,046)
Premium on Issuance of Bonds	-	-	14,355,353	14,355,353
Total Other Financing Sources	16,529,357	52,802,958	53,720,206	917,248
Total General Fund Revenues and Other Financing Sources	\$ 461,423,639	\$ 497,697,240	\$ 493,625,164	\$ (4,072,076)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	EXPENDITURES	POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 172,172	\$ 172,172	\$ 124,430	\$ 47,742
County Council Office	1,194,253	1,194,253	1,121,365	72,888
Cultural Arts Board	98,639	98,639	98,423	216
Harford Cable Network	651,087	654,564	639,448	15,116
People's Counsel	65,605	62,128	13,994	48,134
Total County Council	2,181,756	2,181,756	1,997,660	184,096
GENERAL GOVERNMENT				
Office of the County Executive				
County Executive	910,966	904,095	747,237	156,858
Chief of Staff	232,818	239,689	226,119	13,570
Division of Agricultural	455,678	485,678	433,293	52,385
Office of Governmental and Community Relations				
Office of the Director	535,114	535,114	477,192	57,922
Director of Administration				
Administration	549,588	549,588	481,440	68,148
Budget & Management Research	724,227	729,144	651,634	77,510
Central Services	775,379	655,303	580,254	75,049
Computer Support	1,251,196	1,224,369	1,165,926	58,443
Facilities & Operations	4,685,122	4,851,221	4,622,797	228,424
Information System Administration	1,046,016	1,008,390	918,420	89,970
Management Information Systems	1,917,925	1,926,189	1,752,541	173,648
Risk Management	669,736	674,985	663,660	11,325
Department of Procurement				
Procurement Operations	866,371	911,970	905,072	6,898
Property Management	3,105,053	3,059,454	2,892,973	166,481
Department of the Treasury				
Bureau of Accounting	2,361,556	2,421,653	2,405,847	15,806
Bureau of Revenue Collections	857,769	821,804	798,323	23,481
Office of the Treasurer	651,573	622,571	619,699	2,872
Solid Waste Accounting	92,531	97,401	95,196	2,205
Department of Law	1,839,675	1,839,675	1,778,541	61,134
Department of Planning & Zoning				
Comprehensive Planning and				
Special Projects	1,484,342	1,371,559	1,351,754	19,805
Current Planning	1,671,653	1,760,518	1,740,112	20,406
Office of the Director	447,261	471,179	467,292	3,887
Department of Personnel				
Human Resources	856,730	815,493	799,643	15,850
Personnel Matters	914,028	8,312,992	4,114,055	4,198,937
Elections				
Election Expense	497,650	503,842	139,796	364,046
Supervisor of Elections	857,390	851,198	718,114	133,084
Economic Development				
Office of Economic Development	1,771,505	1,773,505	1,772,991	514
Tourism & Marketing	141,663	139,663	139,176	487
Benefits	3,680,937	4,121,830	4,121,830	-

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	EXPENDITURES	POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT, continued</u>				
Miscellaneous				
Appropriations to Towns	2,569,184	2,569,184	2,295,402	273,782
Appropriations to State	1,555,905	1,115,012	51,268	1,063,744
Contingency Reserve	100,000	100,000	-	100,000
Maryland School for the Blind	71,250	71,250	64,512	6,738
Total General Government	40,147,791	47,535,518	39,992,109	7,543,409
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Board of Education	210,914,800	210,914,800	210,414,800	500,000
Harford Community College	15,939,806	15,939,806	15,939,806	-
Total Education-Primary thru Community College	226,854,606	226,854,606	226,354,606	500,000
<u>HARFORD CENTER</u>	553,036	553,036	553,036	-
<u>JUDICIAL</u>				
Circuit Court	1,250,356	1,232,901	1,226,625	6,276
Community Work Service	308,514	326,064	323,753	2,311
Family Court Services Division	526,481	547,891	538,432	9,459
Grand Jury	10,450	11,140	11,140	-
Jury Commissioner	173,924	184,178	182,329	1,849
Jury Services	168,435	185,500	185,398	102
Juvenile Master	221,034	171,520	170,885	635
Family Justice Center	241,203	243,703	243,619	84
State's Attorney	4,504,853	4,502,353	4,498,765	3,588
Total Judicial	7,405,250	7,405,250	7,380,946	24,304
<u>LIBRARIES</u>	15,312,147	15,312,147	15,312,147	-
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Director	746,094	755,332	753,740	1,592
Parks and Facilities	5,848,441	5,855,932	5,734,951	120,981
Recreational Services	2,511,004	2,494,275	2,478,223	16,052
Conservation of Natural Resources				
Soil Conservation	360,239	360,239	303,029	57,210
Extension Service	245,256	245,256	145,865	99,391
Total Parks, Recreation and Natural Resources	9,711,034	9,711,034	9,415,808	295,226
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Commissary Account	265,097	265,097	236,269	28,828
Correctional Services	19,645,089	19,490,089	19,147,237	342,852
Court Services	5,026,387	5,026,387	4,689,791	336,596
Administration	7,033,389	7,260,639	7,249,142	11,497
Patrol	24,322,058	24,249,808	23,850,553	399,255
Investigation	7,106,738	7,106,738	7,106,385	353

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	EXPENDITURES	POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC SAFETY, continued</u>				
Department of Inspections, Licenses and Permits				
Animal Control	966,677	1,009,413	994,535	14,878
Building Services	1,010,420	1,005,799	991,946	13,853
Director of DILP	471,088	481,466	456,377	25,089
Electrical Services	585,597	550,289	542,969	7,320
Manufactured Homes/Abandoned Property	189,747	199,734	194,806	4,928
Plumbing Services	564,914	541,742	535,797	5,945
Emergency Operations				
911 Emergency Communications	5,328,422	5,278,885	5,270,914	7,971
Administration	902,996	945,092	694,519	250,573
Special Operations & Technical Services	2,530,019	2,564,281	2,500,735	63,546
Volunteer Fire Companies	9,067,456	9,067,456	8,896,017	171,439
HAZMAT Response Team	420,454	393,633	250,134	143,499
Total Public Safety	85,436,548	85,436,548	83,608,126	1,828,422
<u>PUBLIC WORKS</u>				
Department of Public Works				
Solid Waste Management	3,727,632	3,727,632	3,358,721	368,911
Closed Landfills - Post Closure Costs	179,398	188,840	149,456	39,384
Environmental Affairs	787,770	773,862	759,962	13,900
Recycling	1,948,958	1,947,974	1,762,668	185,306
Scarboro Remediation	103,550	109,000	60,700	48,300
Waste Energy	8,633,334	8,633,334	8,131,472	501,862
Water Resources Planning	977,709	977,709	662,948	314,761
Total Public Works	16,358,351	16,358,351	14,885,927	1,472,424
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director	550,114	575,216	569,800	5,416
Office of Drug Control	872,570	920,705	913,934	6,771
Emergency Assistance	167,866	176,701	167,558	9,143
Community Development	1,801,312	1,447,248	1,437,511	9,737
Office on Aging	903,943	963,829	792,737	171,092
Transportation	1,203,662	1,415,768	1,068,632	347,136
NMARC Activity	1,745,694	1,745,694	1,745,694	-
Housing Agency				
Housing Services	597,674	597,674	538,903	58,771
Department of Health				
Addictions Services	532,887	532,887	532,855	32
Community Mental Health	119,533	119,533	119,533	-
Health Department	3,427,498	3,427,498	3,427,408	90
Total Social Services	11,922,753	11,922,753	11,314,565	608,188

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2010
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
<u>DEBT SERVICE</u>				
Debt Service - Principal	21,307,475	21,747,110	21,747,108	2
Debt Service - Interest	13,721,829	12,597,615	12,592,409	5,206
Debt Service - Administration Costs	699,850	1,384,429	1,187,192	197,237
Total Debt Service	35,729,154	35,729,154	35,526,709	202,445
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	6,625,000	6,625,000	5,725,000	900,000
Grants	3,186,213	3,186,213	3,186,213	-
Total Other Financing Uses	9,811,213	9,811,213	8,911,213	900,000
Payments to Escrow Agent for Refunding	-	28,885,874	28,885,874	-
Total Expenditures and Other Financing Uses	\$ 461,423,639	\$ 497,697,240	\$ 484,138,726	\$ 13,558,514

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Non Major Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2010

Exhibit B-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 5,000	\$ 5,000	\$ 535	\$ (4,465)
Charges for Current Services	779,000	779,000	738,494	(40,506)
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	<u>785,000</u>	<u>785,000</u>	<u>739,029</u>	<u>(45,971)</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	<u>785,000</u>	<u>785,000</u>	<u>688,324</u>	<u>96,676</u>
Total Expenditures	<u>785,000</u>	<u>785,000</u>	<u>688,324</u>	<u>96,676</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	50,705	<u>50,705</u>
Fund Balance - Beginning			95,380	
Prior Year Encumbrances Cancelled			<u>1,686</u>	
Fund Balance - Ending			<u>\$ 147,771</u>	



Capital Projects Fund

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY			
Watershed Restoration/Improvements	\$ 4,878,750	\$ 2,213,151	\$ 2,665,599
Watershed/Stream Assessment Studies	864,250	534,459	329,791
* Rolling Green Lake Improvements	125,000	125,000	-
Edgewood Pal Center	2,750,000	1,742,989	1,007,011
Washington Court Acquisition	8,312,998	6,061,718	2,251,280
Stream Gauge Stations	534,000	521,231	12,769
Edgewood Train Station	199,792	45,355	154,437
* ADA Renovations	300,000	186,366	113,634
* Hosanna School	456,517	419,259	37,258
Reforestation Proceeds	680,000	336,244	343,756
Property Acquisition	10,000,000	6,208,104	3,791,896
Facilities Repair Program	6,917,560	6,410,476	507,084
Asbestos/Lead Abatement	300,000	140,909	159,091
Revenue & Billing Applications	646,139	573,574	72,565
Telecommunication Replacement	3,725,000	3,716,975	8,025
* Fire Department Water Storage Tank	50,000	50,000	-
Treasury Computer Enhancements	175,000	150,621	24,379
Emergency Needs 2006	4,542,059	-	4,542,059
Watershed Restoration/Improvements 2006	1,453,000	473,060	979,940
Cty Fac Sys Sec Access/Fuel Dispensing	655,000	685,051	(30,051)
MTBE Upgrades	300,000	200,000	100,000
* Multipurpose Storage Building	2,353,100	88,905	2,264,195
New Wing For 45 S Main	300,000	29,413	270,587
Site Acquisition	20,757,761	13,746,187	7,011,574
Wireless Networking Pilot Study	100,000	20,148	79,852
Bynum Ridge Stream Stabilization	355,000	115,683	239,317
Laurel Valley Stream Restoration	740,000	611,361	128,639
Plumtree Run At Tollgate Rd Stream	990,000	175,037	814,963
Stormwater Enhancement	625,000	11,144	613,856
Stream Valley Buffer Enhancement	750,000	341,606	408,394
Government Services Bldg/New Adm	19,885,000	2,227,172	17,657,828
North Harford Hs Concession Stand	100,000	-	100,000
Woodbridge Retrofit & Stream Restoration	510,000	269,854	240,146
Grande View Farms Lake Repairs	300,000	300,000	-
* Expansion Of Auditoriums	2,400,000	2,005,746	394,254
Harford Cty S. Res Annex	10,874,200	838,122	10,036,078
Moose Lodge Stream Restoration	50,000	-	50,000
Sunnyview Stream Restoration	610,000	192,085	417,915
Agricultural Resource Ctr & Horse Pk	25,000	-	25,000
Courthouse Building Repairs	100,000	15,271	84,729

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Cultural Arts Center	25,000	-	25,000
Enterprise Resources System	25,000	-	25,000
Reforestation Proceeds-Critical Area	100,000	(7,360)	107,360
Perry Avenue Stream Restoration	300,000	2,753	297,247
Watershed Stream Assessment Studies	400,000	246,889	153,111
Woodland Run Stream Restoration	50,000	1,706	48,294
Gordon Street/Bel Air Academy	420,000	198,670	221,330
Board Of Education - Debt Service	13,034,352	13,034,352	-
Wheel Creek Watershed Restoration	1,454,607	304,538	1,150,069
Edgewood Plaza Retrofit & Stream Res	450,000	88	449,912
Computer Equip/Network	7,011,784	6,682,888	328,896
* Humane Society Renov	1,142,329	142,219	1,000,110
Milestone Project	4,600,000	4,536,425	63,575
Maintenance/Repair Of Dams	705,000	412,382	292,618
Bel Air Youth/Senior Center	4,989,161	4,438,911	550,250
Total General County Projects	144,397,359	81,776,737	62,620,622
EDUCATION			
Fire Alarm/Emergency Communications	825,000	588,645	236,355
Furniture & Equipment	955,000	718,653	236,347
Joppatowne Elementary Modernization	14,520,811	11,049,055	3,471,756
Deerfield Elementary Modern/Replacemen	23,589,525	21,075,631	2,513,894
School Buses Fy 2002	7,517,197	7,244,077	273,120
Athletic Fields Repair/Renovations	207,000	196,121	10,879
Maintenance Replacement Vehicles	3,538,396	2,000,758	1,537,638
New High School/Middle School	60,322,094	56,616,001	3,706,093
N. Harford Middle School Water System	261,114	230,926	30,188
Technology Infrastructure	14,285,802	11,028,690	3,257,112
Aberdeen HS North/Ctr For Career Opp	665,000	348,220	316,780
Backflow Prevention	450,000	339,509	110,491
Music Refresh Program	425,000	325,000	100,000
Security Cameras	1,125,000	609,276	515,724
Air Conditioning Projects	8,139,016	8,139,015	1
Integrated Business Systems	193,000	110,241	82,759
New Elem Cap/Vale Rd/Red Pump Elem	23,255,819	8,243,895	15,011,924
Paving - New Parking Areas	300,000	200,000	100,000
Paving - Overlay & Maintenance	450,000	200,000	250,000
Swm, Erosion, Sediment Control	200,000	150,000	50,000
Textbook Refresh (Math)	6,210,000	2,184,062	4,025,938
Vocational/Technical Equip. Refresh	500,000	200,000	300,000
Ada Improvements	400,000	151,883	248,117
HVAC Major Repairs	2,882,768	1,533,775	1,348,993
Aberdeen High School Addition	5,737,945	5,003,700	734,245
Edgewood High School Replacement	83,481,790	70,779,876	12,701,914

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Harford Technical Hs Field Improve.	5,000,000	4,816,550	183,450
John Archer At Bel Air Middle	1,030,000	66,073	963,927
Joppatowne Hs Gymnasium	4,160,050	4,157,596	2,454
Playground Equipment	4,065,000	135,000	3,930,000
Relocatable Classrooms	376,000	376,000	-
Roofing Replacement	894,035	697,431	196,604
Youth's Benefit Elementary School	1,700,600	1,659,792	40,808
Prospect Mill Elementary School	1,986,241	1,958,307	27,934
North Harford Middle School Repairs	50,000	10,700	39,300
Homestead Wakefield Es Modern	133,454	32,454	101,000
Roofing Replacement	1,348,545	1,024,625	323,920
Wm Paca/Old Post ES Modern	100,000	-	100,000
Schucks Road Elementary School	2,700,000	712,643	1,987,357
Fallston High WWTP Replacement	106,070	9,909	96,161
Jarrettsville Elem Hvac	86,234	86,234	-
Relocatable Classrooms	923,000	188,000	735,000
Roof Replaements	1,246,199	403,440	842,759
Bel Air Elem School Site Improvement	1,100,000	-	1,100,000
Bleacher Replacement	300,000	-	300,000
Locker Replacement	210,000	-	210,000
Septic Pre-Treatment Fac Code Upgrade	2,167,926	-	2,167,926
Southampton Middle School Hvac	1,144,000	-	1,144,000
Swimming Pool Renovations	100,000	-	100,000
Repl Riverside Htg/Clg	11,752,771	11,314,567	438,204
Environment Compli Prj	1,247,619	938,874	308,745
N Harford High Modernize	31,873,132	31,211,381	661,751
Havre de Grace High School HVAC	5,339,397	-	5,339,397
Technology	4,751,467	4,125,502	625,965
Bel Air High Modern/Replacement	78,185,348	75,473,408	2,711,940
Milestone Project/Board Of Education	14,581,710	8,029,210	6,552,500
Total Education	439,096,075	356,694,705	82,401,370
FIRE/SAFETY			
* UHF Radio System Microwave Upgrade	1,850,000	1,849,999	1
Fire, EMS & Law Enforcement Cad	2,450,000	1,913,880	536,120
UHF Radio System Replacement	23,601,693	23,547,751	53,942
Facility Renovation	412,500	372,218	40,282
Work Rel/Study/Detention Ctr Exp	32,018,131	30,519,751	1,498,380
Camera Recording & Monitoring System	259,500	259,001	499
Computer Equipment/Networks	1,454,242	1,453,816	426
* Upgrade Pole Barn For Hazmat	58,315	48,746	9,569
Alternate Call Taking & Dispatching Site	400,000	216,982	183,018
Boiler Replacement	175,000	175,000	-
Detention Ctr Kitchen Upgrade/Renov	187,120	186,629	491

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Public Safety Infrastructure Network	556,000	554,440	1,560
2nd Floor Emergency Operations Center	6,289,525	1,199,417	5,090,108
Volunteer Fire Co Facility Repairs	2,750,000	2,636,784	113,216
Susquehanna Hose Co House #3 Expansion	60,000	-	60,000
Susquehanna Hose Co House #5 Expansion	810,000	750,000	60,000
911 State Fee Fund	200,000	-	200,000
700 Mhz Wireless Radio System Equipment	625,000	476,859	148,141
Bel Air Substation Patterson Mill	1,235,400	185,911	1,049,489
SCBA Equipment Replacement	155,000	4,215	150,785
* 911 State Fee Fund	3,400,000	3,227,612	172,388
 Total Fire/Safety	 78,947,426	 69,579,011	 9,368,415
 COMMUNITY COLLEGE			
Site, Stormwater & Parking Improve	1,864,251	1,253,251	611,000
Aberdeen Hall Renovations	7,012,381	6,262,381	750,000
Hays-Heighe House Renovations	1,199,900	387,500	812,400
* New Program Development/Equipment	54,900	54,900	-
Susquehanna Ctr Ren/Exp	755,600	755,600	-
* Campus Safety - Campus System	250,000	150,000	100,000
Roof Replacements	910,282	546,169	364,113
West Campus Expansion	250,000	-	250,000
* Computer Based Infrastruc	204,000	204,000	-
Milestone Project/HCC	4,660,622	4,373,278	287,344
 Total Community College	 17,161,936	 13,987,079	 3,174,857
 LIBRARY			
Jarrettsville Library	5,884,000	5,817,484	66,516
Facility Maintenance & Repairs	110,000	72,318	37,682
* Highland Carpet And Painting	6,000	1,021	4,979
Churchville Branch	5,334,500	188,375	5,146,125
Whiteford Library Expansion	4,238,200	3,649,276	588,924
Aberdeen Hvac Replacement	300,000	277,255	22,745
Fallston Lighting	275,000	167,168	107,832
Havre De Grace Feas Study	52,000	45,140	6,860
Facility Renovations	150,000	-	150,000
Abingdon Library	8,750,000	8,749,997	3
Milestone Project/Libraries	3,188,500	3,188,292	208
 Total Library	 28,288,200	 22,156,326	 6,131,874
 LANDFILL			
Air Pollution Control	13,150,000	11,661,581	1,488,419
Waste To Energy Repairs	1,300,000	896,247	403,753

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
* HWDC Compost Facility Expansion	153,000	115,119	37,881
* HWDC Equipment Storage Building	110,000	528	109,472
* Excavate/Repair Pad #1	50,000	19,294	30,706
* Northeast Stockpile Area Sed Basin	50,000	18,892	31,108
Tollgate Landfill Gas System	684,679	134,070	550,609
Tollgate Yard Trim Recycling Center	450,000	82,233	367,767
HWDC Facilities Study	100,000	44,352	55,648
HWDC Compost Area Facilities	90,000	28,133	61,867
HWDC Cover Material	400,000	298,045	101,955
* HWDC Recycling Facility	60,000	-	60,000
HWDC Landfill Capping	400,000	-	400,000
Environmental Studies	1,320,900	809,223	511,677
* Abingdon Landfill	1,484,410	743,608	740,802
Future Expansion	20,389,340	10,279,638	10,109,702
Total Landfill	40,192,329	25,130,963	15,061,366
PARKS & RECREATION			
Smith Property/Edgeley Grove	4,325,000	3,157,885	1,167,115
Parking Lot Paving	1,390,000	1,352,159	37,841
* Playground Equipment	2,470,000	1,920,764	549,236
Bush River Dredging & Dmp Site	3,030,000	2,139,394	890,606
Havre De Grace Youth/Senior Center	9,143,000	8,294,473	848,527
* Jarrettsville Dev/Rutledge Park	1,320,000	1,277,670	42,330
Prospect Mill Park	1,430,000	1,168,381	261,619
* Bynum Pond Stabilization	350,000	240,000	110,000
Churchville Complex Development	5,556,830	585,882	4,970,948
Facility Renovations 2005	1,110,000	558,717	551,283
Friends Pond Rehabilitation	500,000	133,044	366,956
Heavenly Waters Park	1,520,000	876,941	643,059
Park Improvements	550,000	187,788	362,212
Park Land Acquisition	10,295,000	9,925,411	369,589
Fox Meadows Improvements	475,000	447,567	27,433
Shucks Road Regional Sports Complex	6,479,415	56,835	6,422,580
Edgewood Recreation Park	1,155,000	836,007	318,993
Fallston Youth/Senior Center	10,325,000	7,419,423	2,905,577
Magnolia Complex Development	2,055,000	1,327,878	727,122
Swan Harbor Farm Improvements	590,000	64,477	525,523
Tennis/Multipurpose Courts	1,180,000	870,268	309,732
Tydings Island Renovation	2,795,000	824,910	1,970,090
Willoughby Beach Launching Ramp	197,500	110,516	86,984
Havre De Grace Field Development	1,510,000	1,098,143	411,857
Athletic Field Improvements	5,150,000	4,518,400	631,600
* Equestrian Ctr Improvements	100,000	47,222	52,778
Indoor Recreation Facility	300,000	119,004	180,996

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Joppatowne Area Dredging	825,000	135,952	689,048
* Norrisville Park	200,000	42,247	157,753
* Swan Creek Channel Dredging	470,000	31,023	438,977
Tudor Hall Rehab	400,000	105,985	294,015
Vale Road Elementary Fac	1,600,000	141,753	1,458,247
* Willoughby Beach Park Dev	350,000	7,110	342,890
Bleacher Renovations	160,000	72,937	87,063
Darlington Park Development	125,000	65,118	59,882
* David Craig Park	50,000	-	50,000
Enlarged Gym & Activity Rooms	1,200,000	600,000	600,000
Mariner Point Park Renovations	162,000	-	162,000
Nuttal Avenue Park Development	450,000	45,020	404,980
Swan Harbor Farm Improvements	183,000	26,748	156,252
Belcamp Park Improvements	200,000	-	200,000
Broad Creek Boat Launch Ramp	69,000	43,600	25,400
Cedar Lane Sports Complex Improvements	1,000,000	-	1,000,000
Churchville Center Renovations	400,000	94,895	305,105
Eden Mill Park Rehabilitation	250,000	-	250,000
Facility Renovations	70,000	-	70,000
Natural Turf Improvements	150,000	100,000	50,000
Park Improvements	125,000	-	125,000
Park Land Acquisition	450,000	-	450,000
Playground Equipment	295,000	24,000	271,000
Anita C. Leight Center Improvements	50,000	-	50,000
Facility Renov	2,419,500	1,798,990	620,510
Norrisville Comm Bldg	1,160,000	1,079,972	80,028
Regional Sports Complex	4,246,000	3,417,478	828,522
Debris-Derelict Boats	50,000	6,725	43,275
Total Parks and Recreation	92,411,245	57,398,712	35,012,533
HIGHWAYS-ROADS			
* Culvert Rehabilitation	2,393,773	2,280,565	113,208
Cape Knoll Road Acceptance	150,000	108,273	41,727
Tollgate Road - Vale Road Corridor	625,000	184,678	440,322
Glen Elyn Culvert & Ponds Repair	392,500	390,989	1,511
Trimble Road Corridor Study	25,000	1,239	23,761
New Roads And Storm Drains 2002	1,266,740	532,760	733,980
Tollgate Rd/W Ring Factory-Plumtree	3,168,439	1,370,979	1,797,460
Facilities Repair Program	1,032,000	603,722	428,278
GPS Tracking System	200,000	115,242	84,758
Primrose Place	146,000	132,605	13,395
Macphail Rd/Brierhill-Wheel Rd	375,000	34,081	340,919
Prospect Mill Rd/Thom Run Rd/Md 22	100,000	357	99,643
Robinhood Road/Us 40 To Titan Terrace	1,854,045	662,626	1,191,419

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Hickory II Improvements	875,000	774,350	100,650
Culvert Rehabilitation	3,300,000	3,107,715	192,285
Intersection Improvements	1,800,000	1,168,175	631,825
* Perryman Access-Md 715 Connection	1,535,000	66,883	1,468,117
Perryman Access - Mitchell Lane	650,000	534,220	115,780
Conversion Of Tar & Chip To Hot Mix	2,825,000	2,745,000	80,000
Tar & Chip Reclamation	850,000	834,802	15,198
Village Of Scot's Fancy-Starmount La	750,000	715,128	34,872
Cedar Lane (Md 136-Cedarday)	1,060,000	787,000	273,000
Shucks Road Improvements	600,000	72,739	527,261
Vale Road	1,800,000	323,637	1,476,363
Drainage Improvements	850,000	795,189	54,811
Edgewood Train Station	1,710,208	39,201	1,671,007
Fuel Dispensing System Upgrade	200,000	150,000	50,000
* MTBE Upgrade	200,000	172,261	27,739
New Roads & Storm Drains	1,170,000	745,023	424,977
Stormdrain Rehabilitation	941,231	772,361	168,870
Traffic Signals	200,000	81,069	118,931
Singer Road Improvements	100,000	27,050	72,950
* Washington Court Access Road	2,541,000	-	2,541,000
Equipment Sheds	100,000	852	99,148
Security Gates For The Highways Shops	175,000	17,952	157,048
Commerce Road-Private Rd Const	800,000	569,179	230,821
Road Reconstruction & Rehabilitation	4,325,000	4,002,579	322,421
Resurfacing Roadways	6,291,975	5,873,925	418,050
* Highway Maintenance Facility	300,000	300,000	-
Md 152 / Oakmont Road / Port Lane	275,000	-	275,000
Road Reconstruction And Rehabilitation	6,330,000	3,307,844	3,022,156
Thomas Run Road (Md22-W Medical Hall Rd)	50,000	-	50,000
Tollgate Rd-Plumtree Rd To Bel Air S Pky	70,000	-	70,000
Wheel Rd / Laurel Bush Intersection Impr	1,538,000	759,092	778,908
Resurfacing Roadways Fy 2010	7,706,147	2,311,279	5,394,868
Guardrails Fy 2010	100,000	97,483	2,517
Sidewalks & Handicapped Ramps	400,000	77,061	322,939
Traffic Calming & Road Safety Improve	200,000	-	200,000
Red Pump Roundabout	400,000	-	400,000
* Red Pump - Rt24- Vale	3,995,500	3,527,340	468,160
* Intersection Improvements 95	2,200,000	2,200,000	-
Traffic Calming	930,000	896,718	33,282
* Guardrails	1,350,000	1,350,000	-
Sidewalks	1,375,000	860,804	514,196
Moore's Mill Road	3,092,113	1,840,149	1,251,964
* Perryman Access Study	375,000	274,000	101,000
Computer Equipment/Networks	1,399,022	1,230,035	168,987
* Traffic Signals 98	1,040,000	515,378	524,622

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
June 30, 2010
(Continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Carrs Mill Road/Rte 152 - Grafton Shop	1,195,000	1,167,952	27,048
County Acceptance Of Private Roads	610,000	73,739	536,261
Wheel Road/Laurel Bush - Fairway	1,200,000	1,133,371	66,629
* Abingdon Hwy/W&S Maintenance Shop	3,300,000	3,295,915	4,085
Milestone Project/Highways	325,000	315,720	9,280
New Roads & Storm Drains	1,790,000	817,847	972,153
Total Roads	88,923,693	57,146,133	31,777,560
HIGHWAYS-BRIDGES			
* Greene Road Bridge 79	565,000	498,010	66,990
Ryan Road Bridge #61	1,330,000	1,323,022	6,978
Harford Creamery Rd Bridge 104	680,000	115,548	564,452
North Avenue/Henderson Rd Bridge	465,000	-	465,000
St Clair Road Bridge #99	1,215,000	350,150	864,850
Watervale Road Bridge #63	530,000	413,676	116,324
Bridge Inspection Program	840,000	719,120	120,880
Bridge Rehabilitation	2,550,000	2,258,367	291,633
Ruffs Mill Road Bridge #190	1,582,000	242,832	1,339,168
Road & Bridge Scour Repairs	700,000	272,544	427,456
Macton Road Bridge #145	495,000	130,345	364,655
Snake Lane Bridge #31	175,000	134,216	40,784
* Telegraph Road Bridge #112	300,000	266,342	33,658
Carrs Mill Rd Bridge	200,000	75,050	124,950
Macton Road Bridge #144	600,000	73,417	526,583
Glen Cove Road Bridge #156	120,000	108,300	11,700
Robinson Mill Road Bridge #154	120,000	111,198	8,802
Abingdon Road Bridge #169 Over Csx	300,000	-	300,000
Bridge Painting	50,000	19,143	30,857
Jehricho Road Bridge #3	200,000	31,457	168,543
Southampton Rd Bridge No 47 (94)	5,590,000	4,229,230	1,360,770
* Bridge Scour Repairs	1,675,000	1,474,999	200,001
Bridge Painting 97	1,400,000	1,378,244	21,756
Structural Evaluation	545,000	275,564	269,436
* Moores Mill Road Bridge #48	3,040,000	2,885,439	154,561
Total Bridges	25,267,000	17,386,213	7,880,787
Total Highways	114,190,693	74,532,346	39,658,347
Total All Projects	954,685,263	701,255,879	253,429,384
*Less Closed Projects	(44,677,844)	(32,124,382)	(12,553,462)
Total Capital Projects Fund	\$ 910,007,419	\$ 669,131,497	\$ 240,875,922

BEL AIR HIGH SCHOOL

WE MUST NOT BELIEVE THE MANY
WHO SAY THAT ONLY FREE PEOPLE
OUGHT TO BE EDUCATED, BUT RATHER
BELIEVE THE PHILOSOPHERS WHO SAY
THAT ONLY THE EDUCATED ARE FREE.

EPICETUS

REMEMBER THAT OUR NATION'S FIRST
GREAT LEADERS WERE ALSO OUR
FIRST GREAT SCHOLARS.

JOHN F. KENNEDY

Enterprise Fund

The Water and Sewer Capital Projects Fund was established to account for the acquisition, renovation and construction of capital assets used in the production, distribution and maintenance of the water and sewer systems of the County. This fund represents the construction in process recorded in the Water and Sewer Fund.

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For The Year ended June 30, 2010

Exhibit D-1

	<u>TOTAL</u> <u>APPROPRIATIONS</u>	<u>TOTAL</u> <u>EXPENDITURES</u>	<u>UNEXPENDED</u> <u>APPROPRIATIONS</u>
COUNTY SEWER PROJECTS			
Church Creek Pump Station Replacement	\$ 10,074,766	\$ 898,521	\$ 9,176,245
* Church Creek Pump Station Replacement	25,234	25,234	-
Harford Estates Ps Abandonment	5,032,100	621,322	4,410,778
Lower Bynum Run	9,599,388	587,008	9,012,380
* Lower Bynum Run	40,612	40,612	-
* Oaklyn Manor/Mandeville Rd Sewer	1,900,500	1,593,917	306,583
Plumtree Collector Parallel Ph II	100,000	55,964	44,036
* Foster Branch Ps & Force Main	5,000,000	4,786,060	213,940
Joppatowne Pump Station No.47	4,048,750	200,897	3,847,853
* Joppatowne Pump Station No.47	1,250	1,250	-
Oaklyn Manor Phase 2	2,950,000	132,827	2,817,173
* Pump Station Improvements	125,000	99,364	25,636
Enr Refinement At Sod Run	43,750,000	730,286	43,019,714
* Infiltration/Inflow	250,000	250,000	-
Sod Run Generator	150,000	-	150,000
Bush Creek Pump St 4Th Pump	27,400,000	1,777,125	25,622,875
* Capacity Manage, Operation & Maint-Cmom	150,000	74,471	75,529
Constant Friendship Replace Sewer	200,000	80,758	119,242
Haverhill Pump Station Replace	1,025,000	586,470	438,530
Riviera Drive Pump Station Replace	750,000	614,928	135,072
Utility Protection/Restoration	500,000	138,529	361,471
Winters Run Pump Station Outfall	1,757,000	88,581	1,668,419
* Winters Run Pump Station Outfall	3,000	3,000	-
Infiltration & Inflow	3,400,000	738,280	2,661,720
* Bel Air Infiltration & Inflow	500,000	48,325	451,675
Bynum Run Parallel Phase 6 & 7	300,000	2,841	297,159
Enr At Joppatowne Wtp	5,000,000	-	5,000,000
* Pine Road Forcemain Replacment	448,298	448,192	106
Church Creek Pump Station Incoming Sewer	1,000,000	109	999,891
Pump Station Improvements	100,000	-	100,000
Edgewood Interceptor Sewer Parallel	300,000	-	300,000
Green Ridge Pump Station Replacement	200,000	-	200,000
Infiltration And Inflow	100,000	-	100,000
Bill Bass Outfall Sewer Replacement	800,000	18,887	781,113
	<u>126,980,898</u>	<u>14,643,758</u>	<u>112,337,140</u>
Total Sewer Projects	126,980,898	14,643,758	112,337,140

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For The Year ended June 30, 2010
(Continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
COUNTY WATER PROJECTS			
* Baltimore City Connection Charge	1,250,000	3,752	1,246,248
Hdg Wtp Solids Management	9,800,000	8,105,114	1,694,886
* Backflow Prevention Upgrades	200,000	6,133	193,867
* Inform Asset Management Study-Water	400,000	307,189	92,811
* Water Service Replacement Fy05	2,500,000	2,199,930	300,070
* Water System Security Upgrades	550,000	128	549,872
* Water Service Replacement	100,000	23,325	76,675
Abingdon Wtp Expansion	74,385,000	51,543,539	22,841,461
* Abington WTP Expansion	150,000	150,000	-
Chlorine Replacement Program Wtp	720,000	285,124	434,876
Construction Unanticipated Water	200,000	133,734	66,266
Water Zone Improvements	350,000	143,510	206,490
Washington Court Water Main	601,276	-	601,276
Abingdon Rd Water Main Parallel	8,298,251	240,455	8,057,796
* Abingdon Rd Water Main Parallel	1,749	1,749	-
Route 24 Water Transmission	160,000	70,435	89,565
Construction Unanticipated Water	100,000	-	100,000
* Tank Painting 2009	325,000	324,985	15
Rt. 1 Hickory Bypass Transmission	190,000	67,441	122,559
Tollgate Road Water Main Parallel	1,300,000	7,003	1,292,997
* Tank Painting	365,000	274,639	90,361
Hdg Water Treatment Plant Upgrade	100,000	-	100,000
Magnolia Booster Station	200,000	-	200,000
Swan Harbor Tank & Transmission	600,000	-	600,000
Total Water Projects	102,846,276	63,888,185	38,958,091
OTHER PROJECTS			
County Facilities & Sys Security	50,000	-	50,000
Computer Equipment/Network	972,278	766,713	205,565
* Computer Equipment/Network	60,695	60,695	-
Milestone Project/Water & Sewer	500,000	476,003	23,997
Site Acq Water & Sewer Facilities	800,000	-	800,000
Total Other Projects	2,382,973	1,303,411	1,079,562
Total Water, Sewer and Other Projects	232,210,147	79,835,354	152,374,793
*Less Closed and Capitalized Projects	(14,346,338)	(10,722,950)	(3,623,388)
Total Open Water, Sewer and Other Projects \$	217,863,809 \$	69,112,404 \$	148,751,405

Internal Service Funds

Self-Insurance Fund

The Self-Insurance Fund was established in 1982 to provide for Workers' Compensation, General and Automobile liability claims. The program is administered by a risk manager as established by the Harford County Code.

Fleet Management Fund

The Fleet Management Fund was established in July 2008 to reduce unnecessary repairs and maintenance on County vehicles and centralize the purchase and management of the County fleet.

HARFORD COUNTY, MARYLAND
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

Exhibit E-1

	Self- Insurance	Fleet Management	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 13,654,476	\$ 943,785	\$ 14,598,261
Deposit with Trustee	-	1,266,428	1,266,428
Total Current Assets	<u>13,654,476</u>	<u>2,210,213</u>	<u>15,864,689</u>
Noncurrent Assets:			
Unamortized Lease Costs	-	30,737	30,737
Capital Assets, Net of Depreciation			
Property, Plant & Equipment	-	4,597,273	4,597,273
Total Capital Assets	-	4,597,273	4,597,273
Total Noncurrent Assets	-	4,628,010	4,628,010
Total Assets	<u>\$ 13,654,476</u>	<u>\$ 6,838,223</u>	<u>\$ 20,492,699</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 49,438	\$ 86,298	\$ 135,736
Accrued Expenses	-	34,267	34,267
Leases Payable-Current	-	1,356,007	1,356,007
Estimated Current Liability for Claims in Process	1,132,596	-	1,132,596
Total Current Liabilities	<u>1,182,034</u>	<u>1,476,572</u>	<u>2,658,606</u>
Noncurrent Liabilities:			
Leases Payable	-	4,329,337	4,329,337
Estimated Liability for Claims in Process	3,965,273	-	3,965,273
Total Noncurrent Liabilities	<u>3,965,273</u>	<u>4,329,337</u>	<u>8,294,610</u>
Total Liabilities	<u>5,147,307</u>	<u>5,805,909</u>	<u>10,953,216</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	178,357	178,357
Restricted for Worker Compensation Claims	750,000	-	750,000
Unrestricted	7,757,169	853,957	8,611,126
Total Net Assets	<u>8,507,169</u>	<u>1,032,314</u>	<u>9,539,483</u>
Total Liabilities and Net Assets	<u>\$ 13,654,476</u>	<u>\$ 6,838,223</u>	<u>\$ 20,492,699</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

Exhibit E-2

	Self - Insurance	Fleet Management	Total
Operating Revenues:			
Charges for Services	\$ 3,270,148	\$ 1,808,811	\$ 5,078,959
Miscellaneous	132,317	-	132,317
Total Operating Revenues	<u>3,402,465</u>	<u>1,808,811</u>	<u>5,211,276</u>
Operating Expenses:			
General and Administrative Expenses	-	19,156	19,156
Insurance Claims and Expenses	3,708,667	-	3,708,667
Depreciation	-	775,862	775,862
Total Operating Expenses	<u>3,708,667</u>	<u>795,018</u>	<u>4,503,685</u>
Operating Income (Loss)	<u>(306,202)</u>	<u>1,013,793</u>	<u>707,591</u>
Non-operating Revenues (Expenses):			
Interest Income	47,794	2,999	50,793
Interest Expense	-	(200,368)	(200,368)
Other Income (Expense)	-	(8,197)	(8,197)
Total Non-operating Revenue (Expenses)	<u>47,794</u>	<u>(205,566)</u>	<u>(157,772)</u>
Change in Net Assets	<u>(258,408)</u>	<u>808,227</u>	<u>549,819</u>
Total Net Assets--Beginning	8,765,577	224,087	8,989,664
Total Net Assets--Ending	<u>\$ 8,507,169</u>	<u>\$ 1,032,314</u>	<u>\$ 9,539,483</u>

HARFORD COUNTY, MARYLAND
Combining Statement Of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

Exhibit E-3

	Self- Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 3,270,148	\$ 1,808,811	\$ 5,078,959
Receipts from Others for Claims	135,923	-	135,923
Payments to Suppliers for Goods and Services	(530,670)	34,765	(495,905)
Payments for Claims	(3,495,976)	-	(3,495,976)
Net Cash (Used in) Provided by Operating Activities	<u>(620,575)</u>	<u>1,843,576</u>	<u>1,223,001</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	(785,250)	(785,250)
Principle Payments on Lease	-	(1,314,656)	(1,314,656)
Deposit with Trustee	-	691,652	691,652
Lease Service Costs	-	(7,924)	(7,924)
Interest Paid on Leases	-	(200,368)	(200,368)
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>-</u>	<u>(1,616,546)</u>	<u>(1,616,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	47,794	2,999	50,793
Net Cash Provided by Investing Activities	<u>47,794</u>	<u>2,999</u>	<u>50,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(572,781)</u>	<u>230,029</u>	<u>(342,752)</u>
Cash and Cash Equivalents, July 1	<u>14,227,257</u>	<u>713,756</u>	<u>14,941,013</u>
Cash and Cash Equivalents, June 30	<u>\$ 13,654,476</u>	<u>\$ 943,785</u>	<u>\$ 14,598,261</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES			
Operating (Loss) Income	\$ (306,202)	\$ 1,013,793	\$ 707,591
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:			
Depreciation	-	775,862	775,862
(Increase) Decrease in Accounts Receivable	3,608	-	3,608
Increase (Decrease) in Accounts Payable	(52,552)	53,921	1,369
Increase (Decrease) Estimated Payables for Future Claims	(265,429)	-	(265,429)
Net Cash (Used in) Provided by Operating Activities	<u>\$ (620,575)</u>	<u>\$ 1,843,576</u>	<u>\$ 1,223,001</u>

Fiduciary Funds

Pension Trust Funds

Sheriff's Office Pension System – This fund accounts for the pension system of certain law enforcement and correctional employees.

Firemen's Pension Trust - This fund accounts for the pension system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

Private Purpose Trust Funds

Revolving Loan Fund - This fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.

BVL Cooperating Parties Group - This fund was established in September 1996 to account for revenues collected from entities independent of the County, which the EPA has named as potentially responsible for the Bush Valley superfund site. These funds are for the purpose of undertaking the design and construction of the remedial systems deemed necessary at the Bush Valley Landfill Site.

Bar Library Trust Fund - This fund was established in 1999 to account for all expenditures associated with the operations of the Bar Library of the Circuit Court of Harford County. Fines and appearance fees collected from local attorneys provide the source of revenues.

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2010

Exhibit F-1

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 338,139	\$ 372,527	\$ 710,666
Investments, at Fair Value			
Cash Equivalents	448,293	107,824	556,117
Fixed Income Fund	8,601,799	6,362,374	14,964,173
Equities & Equivalents	19,717,751	6,762,473	26,480,224
Total Investments	28,767,843	13,232,671	42,000,514
Total Assets	29,105,982	13,605,198	42,711,180
LIABILITIES			
Accounts Payable	18,095	15,335	33,430
Total Liabilities	18,095	15,335	33,430
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
(Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1)	\$ 29,087,887	\$ 13,589,863	\$ 42,677,750

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2010

Exhibit F-2

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 453,629	\$ -	\$ 453,629
Employer Contributions	2,019,123	-	2,019,123
Plan Sponsor Contributions	-	1,700,477	1,700,477
Total Contributions	<u>2,472,752</u>	<u>1,700,477</u>	<u>4,173,229</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	604,143	612,621	1,216,764
Interest and Dividends	2,094,707	681,435	2,776,142
Total Investment Earnings	<u>2,698,850</u>	<u>1,294,056</u>	<u>3,992,906</u>
Less Investment Expense	<u>(161,473)</u>	<u>(94,640)</u>	<u>(256,113)</u>
Net Investment Income	<u>2,537,377</u>	<u>1,199,416</u>	<u>3,736,793</u>
Total Additions	<u>5,010,129</u>	<u>2,899,893</u>	<u>7,910,022</u>
DEDUCTIONS			
Administrative Expenses	38,516	20,011	58,527
Benefits	1,994,403	1,242,187	3,236,590
Total Deductions	<u>2,032,919</u>	<u>1,262,198</u>	<u>3,295,117</u>
Change in Net Assets	2,977,210	1,637,695	4,614,905
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Net Assets--Beginning of the Year	26,110,677	11,952,168	38,062,845
Net Assets--End of the Year	<u>\$ 29,087,887</u>	<u>\$ 13,589,863</u>	<u>\$ 42,677,750</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2010

Exhibit F-3

	Revolving Loan	BVL Cooperating Parties Group	Bar Library	Total
ASSETS				
Equity in Pooled Cash and Investments	\$ 56,129	\$ 1,238,041	\$ 364,684	\$ 1,658,854
Accounts Receivable	19,619	-	10,601	30,220
Investments	-	1,129,644	-	1,129,644
Total Assets	<u>75,748</u>	<u>2,367,685</u>	<u>375,285</u>	<u>2,818,718</u>
LIABILITIES				
Accounts Payable	-	24,598	19,102	43,700
Deferred Revenue	-	1,129,644	-	1,129,644
Total Liabilities	<u>-</u>	<u>1,154,242</u>	<u>19,102</u>	<u>1,173,344</u>
NET ASSETS				
Held in Trust	<u>\$ 75,748</u>	<u>\$ 1,213,443</u>	<u>\$ 356,183</u>	<u>\$ 1,645,374</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2010

Exhibit F-4

	Revolving Loan	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS				
Contributions and Donations	\$ -	\$ 104,000	\$ 93,143	\$ 197,143
Interest and Dividends	696	11,022	1,303	13,021
Total Additions	696	115,022	94,446	210,164
DEDUCTIONS				
Contractual Services	-	61,853	147,833	209,686
Total Deductions	-	61,853	147,833	209,686
Change in Net Assets	696	53,169	(53,387)	478
NET ASSETS				
Net Assets-Beginning of Year	75,052	1,160,274	409,570	1,644,896
Net Assets-End of Year	\$ 75,748	\$ 1,213,443	\$ 356,183	\$ 1,645,374



Statistical Section

Statistical Section

(Unaudited)

This part of the Harford County's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

Financial Trends

Tables 1 through 5 contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective.

Revenue Capacity

Tables 6 through 9 contain information that may assist the reader in assessing the viability of the County's most significant local revenue source, property taxes.

Debt Capacity

Tables 10 through 14 present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic & Demographic Information

Tables 15 and 16 offer economic and demographic indicators that may assist the reader in understanding the environment within which the County's financial activities take place.

Operating Information

Tables 17 through 19 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Source:

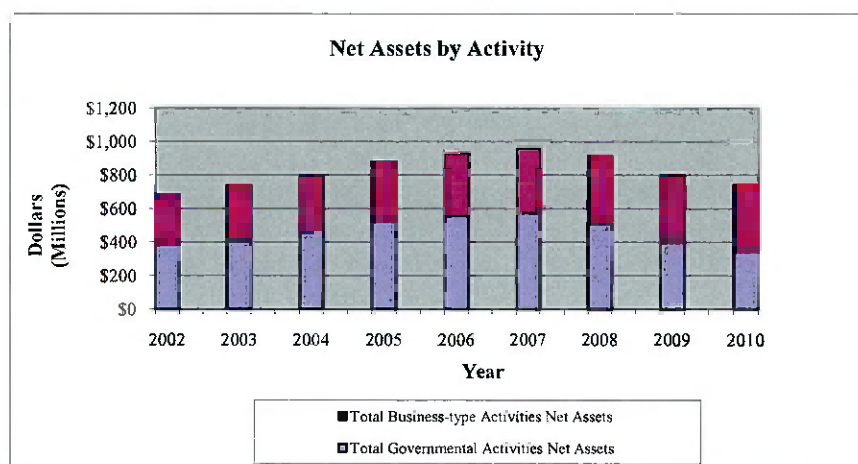
Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in fiscal year 2002, therefore tables presenting government-wide information includes only information from 2002 to the present.

Harford County, Maryland

Net Assets by Component (accrual basis of accounting)

Table 1
Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 284,105,573	\$ 333,435,548	\$ 357,931,623	\$ 373,728,341
Restricted	48,338,534	53,287,166	58,792,889	60,274,990
Unrestricted	50,029,353	22,536,723	41,887,313	91,040,906
Total Governmental Activities Net Assets	\$ 382,473,460	\$ 409,259,437	\$ 458,611,825	\$ 525,044,237
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 205,161,939	\$ 213,138,995	\$ 219,478,767	\$ 229,285,930
Unrestricted	97,819,863	115,982,093	121,799,547	125,501,320
Total Business-type Activities Net Assets	\$ 302,981,802	\$ 329,121,088	\$ 341,278,314	\$ 354,787,250
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 489,267,512	\$ 546,574,543	\$ 577,410,390	\$ 603,014,271
Restricted	48,338,534	53,287,166	58,792,889	60,274,990
Unrestricted	147,849,216	138,518,816	163,686,860	216,542,226
Total Primary Government Net Assets	\$ 685,455,262	\$ 738,380,525	\$ 799,890,139	\$ 879,831,487



Fiscal Year				
2006	2007	2008	2009	2010
\$ 395,170,359	\$ 412,786,546	\$ 464,659,388	\$ 559,243,688	\$ 627,603,989
63,909,160	76,961,572	76,207,751	78,842,512	77,888,816
96,748,018	83,544,901	(27,463,371)	(236,562,865)	(361,696,064)
<u>\$ 555,827,537</u>	<u>\$ 573,293,019</u>	<u>\$ 513,403,768</u>	<u>\$ 401,523,335</u>	<u>\$ 343,796,741</u>
\$ 241,947,408	\$ 256,147,742	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182
130,235,522	131,468,032	135,343,466	121,551,999	114,501,559
<u>\$ 372,182,930</u>	<u>\$ 387,615,774</u>	<u>\$ 399,423,329</u>	<u>\$ 398,989,096</u>	<u>\$ 399,890,741</u>
\$ 637,117,767	\$ 668,934,288	\$ 728,739,251	\$ 836,680,785	\$ 912,993,171
63,909,160	76,961,572	76,207,751	78,842,512	77,888,816
226,983,540	215,012,933	107,880,095	(115,010,866)	(247,194,505)
<u>\$ 928,010,467</u>	<u>\$ 960,908,793</u>	<u>\$ 912,827,097</u>	<u>\$ 800,512,431</u>	<u>\$ 743,687,482</u>

Harford County, Maryland

Changes in Net Assets (accrual basis of accounting)

Table 2
Last Nine Fiscal Years

Expenses (by function)	Fiscal Year			
	2002	2003	2004	2005
<i>Government Activities</i>				
Agricultural Preservation	\$ 781,438	\$ 2,538,687	\$ 2,735,313	\$ 2,458,011
County Council	1,450,144	1,531,400	1,487,864	1,546,589
Education-Primary thru Com. College	166,198,521	176,217,742	181,753,439	197,639,393
General Government	23,064,861	20,203,633	23,123,024	23,164,674
Harford Center	347,606	367,731	367,731	382,143
Judicial	6,749,715	6,865,700	7,021,007	7,639,916
Libraries	9,058,242	13,458,114	10,783,353	13,838,222
Parks and Recreation	6,877,916	7,888,822	11,276,417	9,950,468
Public Safety	45,581,982	50,505,871	52,792,113	57,134,910
Public Works	35,391,778	39,726,014	42,579,379	43,118,390
Social Services & Health	17,149,173	19,183,085	20,164,881	20,683,885
Unallocated Debt Interest & Other Costs	8,555,498	8,688,555	7,619,473	7,852,493
Total Government Activities, as Restated	321,206,874	347,175,354	361,703,994	385,409,094
<i>Business-type Activities</i>				
Water and Sewer	31,523,242	32,220,977	33,605,134	34,271,051
Total Business-type Activities	31,523,242	32,220,977	33,605,134	34,271,051
Total Primary Government Expenses	\$ 352,730,116	\$ 379,396,331	\$ 395,309,128	\$ 419,680,145
<i>Program Revenues</i>				
<i>Government Activities</i>				
Charges for Services				
General Government	\$ 1,605,297	\$ 1,713,930	\$ 1,846,227	\$ 1,861,049
Public Safety	7,190,058	5,677,052	6,700,000	9,119,711
Public Works	8,357,508	12,493,132	13,123,511	13,706,892
Other Activities	1,054,504	1,130,547	1,161,341	1,257,179
Operating Grants and Contributions	28,212,214	28,233,897	28,017,918	27,829,602
Capital Grants and Contributions	12,948,888	17,444,925	10,601,993	19,323,654
Total Governmental Activities Program Revenue	59,368,469	66,693,483	61,450,990	73,098,087
<i>Business-type Activities</i>				
Charges for Services	19,122,209	19,541,794	20,327,113	20,841,982
Capital Grants and Contributions	20,668,188	21,366,306	19,416,140	19,016,100
Total Business-type Activities Program Revenue	39,790,397	40,908,100	39,743,253	39,858,082
Total Primary Government Program Revenues	\$ 99,158,866	\$ 107,601,583	\$ 101,194,243	\$ 112,956,169
Net (Expense) Revenue				
<i>Government Activities, as Restated</i>	\$ (261,838,405)	\$ (280,481,871)	\$ (300,253,004)	\$ (312,311,007)
<i>Business-type Activities</i>	8,267,155	8,687,123	6,138,119	5,587,031
Total Primary Government Net Expense, as Restated	\$ (253,571,250)	\$ (271,794,748)	\$ (294,114,885)	\$ (306,723,976)
General Revenues and Other Changes in Net Assets				
<i>Government Activities</i>				
Taxes				
Property Taxes	\$ 150,826,264	\$ 156,065,011	\$ 169,062,889	\$ 180,609,309
Income Taxes	117,760,864	119,276,969	148,636,932	150,378,591
Other Taxes	22,239,992	24,587,212	30,167,280	38,728,179
Investment Earnings	6,724,177	6,560,410	1,244,606	7,754,509
Grants and Contributions	-	860,767	645,575	860,767
Miscellaneous	1,082,504	1,072,462	1,422,066	1,733,509
Total Governmental Activities	298,633,801	308,422,831	351,179,348	380,064,864
<i>Business-type Activities</i>				
Other Taxes	1,840,995	2,142,874	2,724,595	3,403,703
Investment Earnings	4,941,379	4,274,289	3,294,512	4,518,202
Litigation Settlement	-	11,035,000	-	-
Total Business-type Activities	6,782,374	17,452,163	6,019,107	7,921,905
Total Primary Government	\$ 305,416,175	\$ 325,874,994	\$ 357,198,455	\$ 387,986,769
Change in Net Assets				
<i>Government Activities, as Restated</i>	\$ 36,795,396	\$ 27,940,960	\$ 50,926,344	\$ 67,753,857
<i>Business-type Activities</i>	15,049,529	26,139,286	12,157,226	13,508,936
Total Primary Government, as Restated	\$ 51,844,925	\$ 54,080,246	\$ 63,083,570	\$ 81,262,793

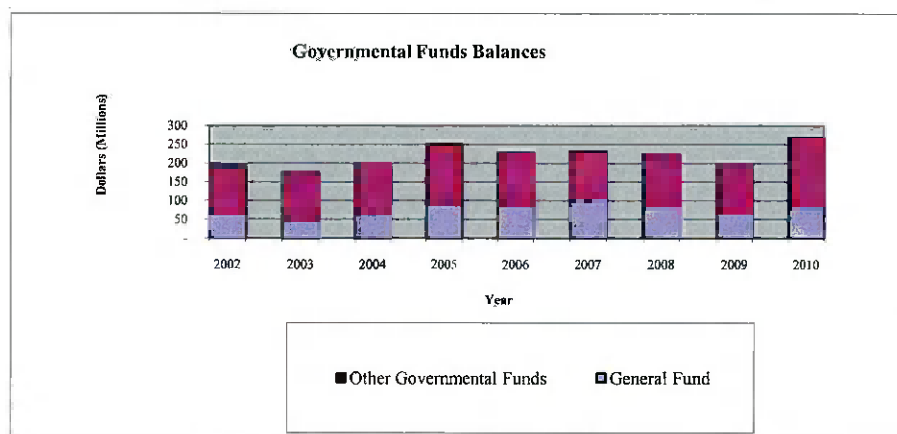
Fiscal Year					
2006	2007	2008	2009	2010	
\$ 3,063,167	\$ 1,967,017	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	
1,771,152	1,859,440	2,379,819	2,243,875	2,148,195	
237,071,869	241,576,927	297,182,465	319,330,062	291,542,340	
22,934,310	36,207,586	43,776,142	51,703,093	48,547,861	
432,143	482,143	532,142	582,143	553,036	
8,342,616	9,052,442	10,398,970	10,206,733	9,943,671	
17,313,195	12,894,760	16,406,652	16,809,566	16,446,279	
11,255,578	19,323,689	18,980,453	14,431,566	17,598,714	
64,446,233	74,225,224	95,946,852	95,086,768	96,984,770	
66,827,829	56,214,545	73,819,429	60,809,936	74,378,929	
22,780,840	25,119,209	26,492,857	28,677,264	29,228,702	
8,498,206	8,202,236	9,995,430	10,563,561	13,071,359	
464,737,138	487,125,218	599,038,406	616,139,664	604,693,630	
35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	
35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	
\$ 500,636,917	\$ 523,651,059	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	
\$ 1,984,467	\$ 2,087,329	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	
6,441,809	6,647,023	6,227,490	5,370,147	4,029,330	
14,678,365	14,754,084	16,734,280	11,573,060	13,345,821	
1,302,711	1,300,942	1,340,804	1,170,172	2,194,432	
32,667,246	33,674,068	34,867,362	36,473,746	33,788,214	
23,626,095	17,680,246	17,557,762	9,210,506	17,130,252	
80,700,693	76,143,692	78,837,138	65,947,154	72,895,631	
22,236,063	22,757,806	24,179,578	24,001,673	24,994,995	
20,539,437	18,600,053	17,661,512	10,366,224	12,941,591	
42,775,500	41,357,859	41,841,090	34,367,897	37,936,586	
\$ 123,476,193	\$ 117,501,551	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	
\$ (384,036,445)	\$ (410,981,526)	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	
6,875,721	4,832,018	1,764,066	(6,494,751)	(3,578,189)	
\$ (377,160,724)	\$ (406,149,508)	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	
\$ 195,158,988	\$ 218,160,400	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	
158,656,846	160,292,947	167,483,930	136,159,443	155,948,152	
48,152,486	41,225,896	31,524,076	21,920,852	25,609,883	
9,566,164	14,410,465	15,068,189	7,883,023	5,094,195	
860,767	909,303	832,651	100,161	132,964	
4,738,703	3,491,848	2,048,098	2,863,224	553,164	
417,133,954	438,490,859	460,312,017	438,312,077	474,071,405	
3,943,394	3,213,661	2,501,024	1,572,507	1,706,028	
6,576,565	7,387,165	7,542,465	4,488,011	2,773,806	
10,519,959	10,600,826	10,043,489	6,060,518	4,479,834	
\$ 427,653,913	\$ 449,091,685	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	
\$ 33,097,509	\$ 27,509,333	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	
17,395,680	15,432,844	11,807,555	(434,233)	901,645	
\$ 50,493,189	\$ 42,942,177	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	

Harford County, Maryland

Fund Balances, Governmental Funds (modified accrual basis of accounting)

Table 3
Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 10,528,878	\$ 8,198,332	\$ 4,630,184	\$ 4,189,344
Unreserved				
Designated for Future Use	20,691,039	7,423,136	10,085,313	24,157,124
Designated for Credit Rating Purposes	15,962,949	15,787,560	16,949,171	19,879,813
Designated for Other Purposes	8,755,185	11,074,163	9,781,534	10,359,862
Undesignated Major Funds	7,363,314	5,921,926	22,003,739	31,738,528
Total General Fund	63,301,365	48,405,117	63,449,941	90,324,671
All Other Governmental Funds				
Reserved	\$ 15,889,234	\$ 21,776,211	\$ 25,154,495	\$ 26,687,436
Unreserved, reported in:				
Special Revenue Funds	44,128,229	49,038,817	47,820,543	51,966,401
Capital Project Funds	71,590,209	55,906,477	62,254,853	81,755,014
Total All Other Governmental Funds	131,607,672	126,721,505	135,229,891	160,408,851
Total All Governmental Funds	\$ 194,909,037	\$ 175,126,622	\$ 198,679,832	\$ 250,733,522



Fiscal Year					
2006	2007	2008	2009	2010	
\$ 2,964,901	\$ 8,539,455	\$ 9,610,690	\$ 16,515,456	\$ 22,829,400	
19,899,899	25,657,817	24,929,371	2,038,000	9,798,932	
21,477,312	23,603,395	24,366,267	23,071,182	23,495,925	
11,185,859	18,999,472	12,727,315	15,364,507	15,564,136	
30,801,310	22,918,854	7,275,141	12,953,584	8,126,063	
<u>86,329,281</u>	<u>99,718,993</u>	<u>78,908,784</u>	<u>69,942,729</u>	<u>79,814,456</u>	
\$ 18,861,192	\$ 30,306,608	\$ 27,740,661	\$ 56,905,015	\$ 41,943,005	
58,015,268	61,436,049	62,599,094	63,535,177	66,920,963	
<u>63,992,661</u>	<u>39,690,723</u>	<u>54,045,835</u>	<u>5,995,652</u>	<u>79,676,850</u>	
<u>140,869,121</u>	<u>131,433,380</u>	<u>144,385,590</u>	<u>126,435,844</u>	<u>188,540,818</u>	
\$ <u>227,198,402</u>	\$ <u>231,152,373</u>	\$ <u>223,294,374</u>	\$ <u>196,378,573</u>	\$ <u>268,355,274</u>	

Harford County, Maryland

Changes in Fund Balances, Governmental Funds (modified accrual basis of accounting)

Table 4
Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
REVENUES				
Taxes	\$ 292,082,670	\$ 300,449,556	\$ 336,284,877	\$ 364,815,190
Revenues from Other Agencies	32,061,157	33,935,764	32,157,865	34,682,711
Investment Income	6,238,809	6,343,303	1,131,601	7,554,516
Charges for Current Services	14,794,163	17,050,091	18,364,374	22,175,765
Miscellaneous	1,082,504	1,210,245	1,601,605	2,209,668
Licenses and Permits	3,165,955	3,189,445	3,405,141	3,391,013
Fines and Forfeitures	76,253	203,133	293,387	378,053
Total Revenues	349,501,511	362,381,537	393,238,850	435,206,916
EXPENDITURES				
Agricultural Preservation	2,003,110	7,240,243	5,411,510	4,503,005
County Council	1,419,861	1,571,340	1,483,520	1,560,253
General Government	21,491,344	20,941,923	23,037,144	22,637,479
Education-Primary thru Com College	148,954,027	157,549,466	159,838,878	166,326,151
Harford Center	347,606	367,731	367,731	382,143
Judicial	6,256,191	6,448,245	6,540,613	7,225,955
Libraries	8,765,813	9,731,241	10,361,806	11,646,499
Parks, Recreation and Natural Resources	6,038,609	6,474,097	6,964,965	7,815,100
Public Safety	44,861,108	48,332,669	50,229,709	56,318,711
Public Works	28,646,164	54,705,653	32,390,927	34,574,637
Social Services	16,172,807	18,023,183	20,525,377	20,177,851
Capital Outlay	44,246,753	51,547,714	50,991,391	73,025,553
Debt Service				
Principal	10,010,573	15,454,794	18,444,292	17,266,837
Interest	7,959,173	10,105,153	9,461,803	10,030,592
Forgiveness of Long-term debt	-	-	-	850,000
Administrative Cost	166,491	989,515	255,893	302,312
Total Expenditures	347,339,630	409,482,967	396,305,559	434,643,078
Excess (Deficiency) of Revenues Over Expenditures	2,161,881	(47,101,430)	(3,066,709)	563,838
OTHER FINANCING SOURCES (USES)				
Transfers In	30,420,950	37,397,005	27,214,887	31,312,152
Transfers (Out)	(30,420,950)	(37,397,005)	(27,214,887)	(31,312,152)
Payment to Escrow Agent for Refunding	-	-	(13,154,444)	-
Premium on Issuance of Bonds	-	-	-	2,908,731
Issuance of Notes & Leases	3,500,000	43,338	-	11,635,000
Issuance of Installment Purchase Agreements	590,612	4,777,778	2,638,004	929,032
Issuances from Bonds	28,625,819	22,570,750	37,024,444	35,905,000
Total Other Financing Sources and Uses	32,716,431	27,391,866	26,508,004	51,377,763
Net Change in Fund Balances	\$ 34,878,312	\$ (19,709,564)	\$ 23,441,295	\$ 51,941,601

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 397,052,086	\$ 422,717,106	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	
38,652,065	42,139,431	47,211,851	39,468,501	46,537,712	
9,233,932	13,985,693	14,564,031	7,658,217	5,043,402	
20,657,426	20,936,913	21,348,472	18,410,619	16,194,617	
2,328,712	4,348,707	3,547,649	3,659,409	3,152,079	
3,429,632	3,412,684	3,108,872	2,746,769	3,152,131	
320,294	439,781	520,451	293,516	715,952	
471,674,147	507,980,315	529,183,776	524,904,841	541,327,888	
3,390,559	6,740,532	23,120,378	14,419,355	1,069,805	
1,753,619	1,894,779	2,499,875	2,181,966	2,077,277	
24,667,799	28,921,206	36,931,065	43,946,514	39,126,361	
189,193,543	204,193,543	215,393,543	222,918,540	226,354,606	
432,143	482,143	532,143	582,143	553,036	
7,829,181	8,530,681	9,658,821	9,489,000	9,190,480	
13,105,781	14,361,956	15,705,461	16,135,917	15,312,147	
8,379,757	9,616,126	11,356,395	11,140,363	10,436,404	
63,317,434	69,010,378	88,947,220	86,708,998	89,322,138	
37,785,746	41,461,050	48,226,571	43,296,084	43,737,049	
22,063,636	24,183,444	26,433,379	29,229,188	28,775,089	
92,586,151	86,959,198	139,888,861	146,470,982	118,270,600	
21,686,606	18,050,332	20,403,260	22,135,758	23,386,490	
10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	
-	-	-	-	-	
159,045	470,370	567,990	685,625	1,210,978	
496,947,280	525,172,644	652,354,638	663,451,288	624,667,967	
(25,273,133)	(17,192,329)	(123,170,862)	(138,546,447)	(83,340,079)	
53,649,718	47,973,433	48,620,080	43,873,509	30,132,690	
(53,649,718)	(47,973,433)	(48,620,080)	(43,873,509)	(30,132,690)	
-	-	-	(22,812,194)	(28,885,874)	
-	-	5,901,161	8,106,323	14,359,593	
-	18,231,849	700,000	1,316,999	1,186,000	
1,554,491	2,669,752	12,537,691	7,065,889	-	
-	-	95,900,000	117,838,036	168,717,957	
1,554,491	20,901,601	115,038,852	111,515,053	155,377,676	
\$ (23,718,642)	\$ 3,709,272	\$ (8,132,010)	\$ (27,031,394)	\$ 72,037,597	

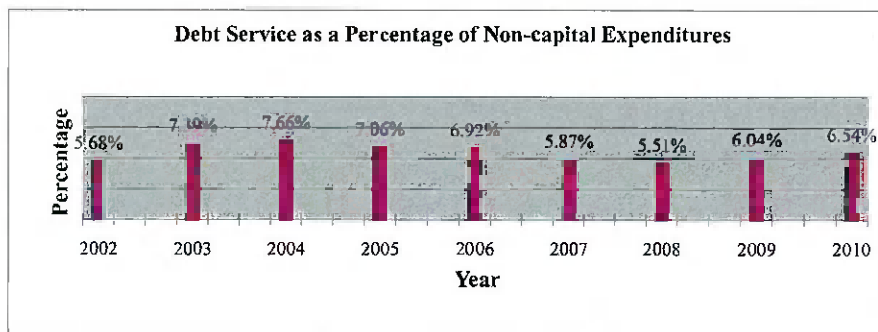
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Total Expenditures	\$ 347,339,630	\$ 409,482,967	\$ 396,305,559	\$ 434,643,078
(1) Less Capital Asset Expenditures	31,066,768	63,600,954	31,779,050	47,847,785
Non-capital Expenditures	\$ 316,272,862	\$ 345,882,013	\$ 364,526,509	\$ 386,795,293
Debt Service Expenditures				
Principal	\$ 10,010,573	\$ 15,454,794	\$ 18,444,292	\$ 17,266,837
Interest	7,959,173	10,105,153	9,461,803	10,030,592
Forgiveness of Long-term debt	-	-	-	850,000
Administrative Cost	166,491	989,515	255,893	302,312
Total Debt Service Expenditures	\$ 18,136,237	\$ 26,549,462	\$ 28,161,988	\$ 28,449,741
Principal and Interest as a Percentage of Non-capital Expenditures	5.68%	7.39%	7.66%	7.06%

(1) Total Capital Asset Expenditures equals the Purchase of Capital Assets in that fiscal year.



Fiscal Year				
2006	2007	2008	2009	2010
\$ 496,947,280	\$ 525,172,644	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967
30,601,719	41,900,223	51,462,491	63,496,219	24,528,046
\$ 466,345,561	\$ 483,272,421	\$ 600,892,147	\$ 599,955,069	\$ 600,139,921
\$ 21,686,606	\$ 18,050,332	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490
10,596,280	10,296,906	12,689,676	14,110,855	15,845,507
-	-	-	-	-
159,045	470,370	567,990	685,625	1,210,978
\$ 32,441,931	\$ 28,817,608	\$ 33,660,926	\$ 36,932,238	\$ 40,442,975
6.92%	5.87%	5.51%	6.04%	6.54%

Harford County, Maryland

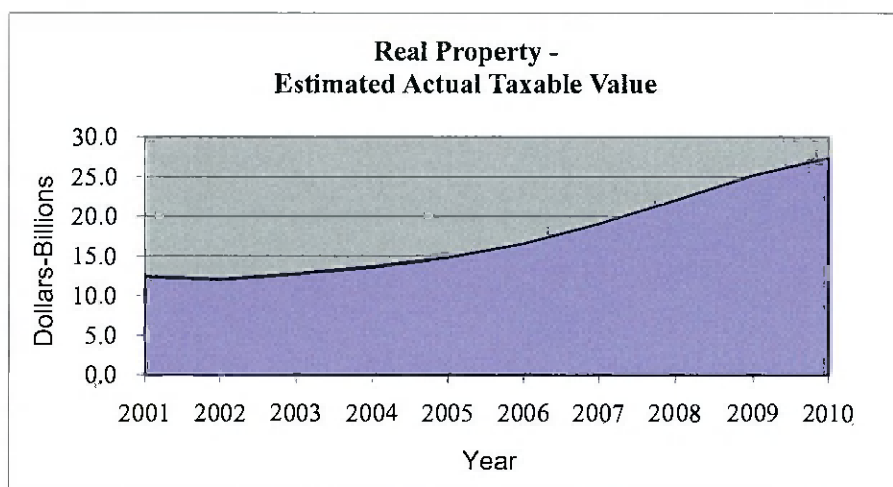
Assessed Value and Actual Value of Taxable Property (1) (Per \$100 of Assessed Value)

Table 6
Last Ten Fiscal Years

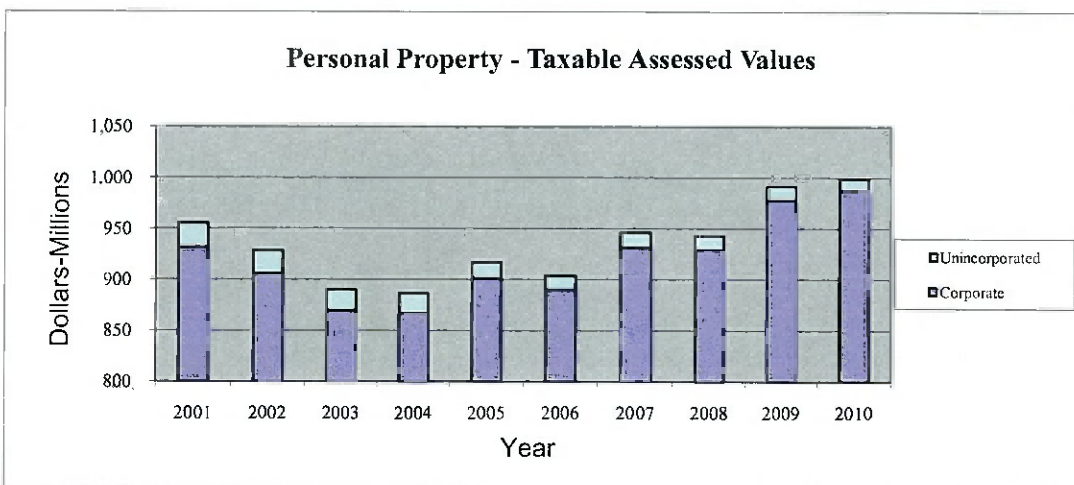
Fiscal Year Ending June 30	Assessed Value	Exempt Property	Real Property	
			Taxable Assessed Value	Estimated Actual Taxable Value
2001	5,250,575,256	693,785,690	4,556,789,566	12,432,652,450
2002 (2)	13,859,919,484	1,800,100,819	12,059,818,665	12,059,818,665
2003	14,614,884,399	1,830,939,786	12,783,944,613	12,783,944,613
2004	15,527,295,683	1,871,639,589	13,655,656,094	13,655,656,094
2005	16,726,025,577	1,896,309,164	14,829,716,413	14,829,716,413
2006	18,548,656,553	1,940,013,808	16,608,642,745	16,608,642,745
2007	21,102,242,472	2,014,779,364	19,087,463,108	19,087,463,108
2008	24,150,504,718	2,085,913,339	22,064,591,379	22,064,591,379
2009	27,438,977,269	2,225,139,558	25,213,837,711	25,213,837,711
2010	29,765,437,549	2,346,618,410	27,418,819,139	27,418,819,139

- (1) Based on information provided by the Maryland Department of Assessments and Taxation.
 (2) As of Fiscal Year 2002, real property taxes are assessed at the property's estimated actual value.
 Previously real property taxes were assessed at 40% of the property's estimated actual value.

Note: Assessed values are established by the Maryland Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years; any increase in property values is phased in over a minimum of three years. Additionally, the County has a real property tax assessment cap for residential properties of 10% for Fiscal Year 2008 and prior and 9% for Fiscal Years 2009 and 2010. Personal Property tax rates are 2.5 times the real property tax rate.



% Taxable Assessed To Estimated Actual Taxable Value	Real Property Direct Tax Rate	Personal Property		
		Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	Personal Property Direct Tax Rate
36.65%	2.730	931,706,090	23,715,050	2.730
100.00%	1.092	905,527,810	23,169,200	2.730
100.00%	1.092	869,827,630	20,554,730	2.730
100.00%	1.092	866,976,420	19,634,220	2.730
100.00%	1.092	901,577,340	15,330,820	2.730
100.00%	1.082	889,899,840	14,181,420	2.705
100.00%	1.082	931,753,570	14,438,670	2.705
100.00%	1.082	929,164,770	14,066,570	2.705
100.00%	1.082	978,058,220	13,982,600	2.705
100.00%	1.064	987,547,770	11,403,430	2.660



Harford County, Maryland

Direct and Overlapping Property Tax Rates (1) (Per \$100 of Assessed Value)

Table 7
Last Ten Fiscal Years

Fiscal Year Ending June 30	County Direct Real Property Tax Rate			Overlapping Real Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
2001	2.340	0.390	2.730	1.100	1.2800	1.550
2002	0.936	0.156	1.092	0.440	0.5120	0.620
2003	0.936	0.156	1.092	0.440	0.5120	0.620
2004	0.936	0.156	1.092	0.500	0.5500	0.720
2005	0.936	0.156	1.092	0.500	0.5500	0.720
2006	0.926	0.156	1.082	0.500	0.5500	0.700
2007	0.926	0.156	1.082	0.500	0.7350	0.680
2008	0.926	0.156	1.082	0.500	0.7150	0.650
2009	0.926	0.156	1.082	0.500	0.7000	0.630
2010	0.908	0.156	1.064	0.500	0.6875	0.610

Fiscal Year Ending June 30	County Direct Personal Property Tax Rate			Overlapping Personal Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
2001	2.340	0.390	2.730	1.100	1.280	1.550
2002	2.340	0.390	2.730	1.100	1.280	1.550
2003	2.340	0.390	2.730	1.100	1.280	1.550
2004	2.340	0.390	2.730	1.160	1.400	1.705
2005	2.340	0.390	2.730	1.160	1.400	1.705
2006	2.315	0.390	2.705	1.160	1.400	1.705
2007	2.315	0.390	2.705	1.160	1.700	1.705
2008	2.315	0.390	2.705	1.160	1.700	1.705
2009	2.315	0.390	2.705	1.160	1.700	1.705
2010	2.270	0.390	2.660	1.160	1.700	1.705

- (1) Overlapping rates are those of local municipalities that apply to property owners within Harford County.
Not all overlapping rates apply to all Harford County property owners. For example, Town of Bel Air rates apply only to the County property owners whose property is located within that municipalities geographic boundaries.
- (2) Assessed against all property within Harford County.
- (3) Assessed against all property within Harford County, but not in an incorporated town.
- (4) Assessed against all property within these incorporated towns.

Note: The County's direct property tax rates are set by the County Council and can only be changed by the Council.

Harford County, Maryland

Principal Taxpayers (1)

Table 8
Current Fiscal Year and Ten Years Ago

Fiscal Year		2010		
Taxpayer	Type of Business	Assessed Valuation	County Taxes (2)	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 292,677,460	\$ 7,707,523	1.03%
Susquehanna Power Company	Public Utility	108,215,920	2,877,923	0.38%
Verizon - Maryland	Public Utility	79,365,980	2,021,810	0.28%
Constellation Power Source Generation, Inc.	Non-Utility Generator	60,735,976	1,423,400	0.21%
Harford Mall Business Trust	Shopping Center	73,897,464	670,990	0.26%
Festival at Bel Air LLC	Shopping Center	61,067,500	649,758	0.21%
Bel Air Square LLC	Shopping Center	48,033,532	436,144	0.17%
Wells Fargo Northwest	Office/Industrial Ctr	45,773,600	529,933	0.16%
Columbia Gas Transmission	Public Utility	16,827,380	447,572	0.06%
Comcast Of Harford County LLC	Cable Provider	10,826,560	357,073	0.04%
		<u>797,421,372</u>	<u>\$ 17,122,126</u>	<u>2.80%</u>
Total Assessed Valuation		\$ 28,417,770,339		

Fiscal Year		2000		
Taxpayer	Type of Business	Assessed Valuation	County Taxes (2)	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 275,499,262	\$ 7,521,130	5.20%
MCI Telecommunications Corporation	Public Utility	133,420,566	3,642,381	2.52%
Bell Atlantic - Maryland	Public Utility	84,051,417	2,294,604	1.59%
Susquehanna Power Company	Public Utility	77,755,363	2,122,332	1.47%
GPS Maryland, Inc.	Office/Industrial Ctr	28,820,150	786,790	0.54%
Columbia Gas Transmission	Public Utility	16,054,318	438,283	0.30%
Mid-Atlantic Realty Trust	Shopping Center	16,671,579	390,115	0.31%
Saks Fifth Avenue Distribution Company	Office/Industrial Ctr	15,918,990	372,504	0.30%
IBM Credit Corporation	Equipment Leasing	13,532,550	369,439	0.26%
May Department Stores Company	Office/Industrial Ctr	13,042,994	356,074	0.25%
		<u>674,767,189</u>	<u>\$ 18,293,652</u>	<u>12.74%</u>
Total Assessed Valuation		\$ 5,295,131,621 (2)		

SOURCE: Harford County Department of the Treasury

(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

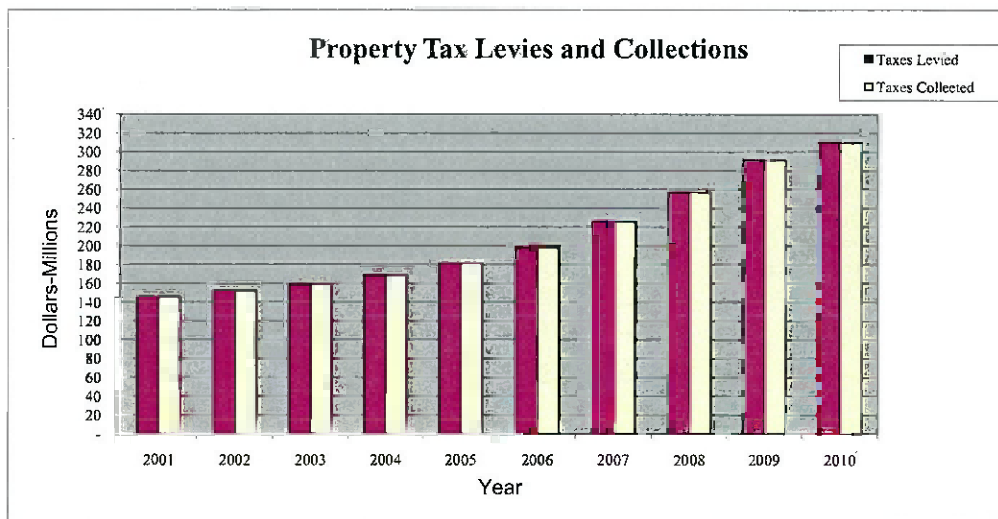
(2) Prior to Fiscal Year 2002, real property values were assessed at 40% of the property's estimated actual value.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30	Total Taxes Levied	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections ¹ to Date		Outstanding Delinquent Taxes	Delinquent Taxes to Tax Levy
		Amount	Percent		Amount	Percent		
2001	\$ 145,568,875	\$ 145,248,099	99.78%	\$ 267,398	\$ 145,515,497	99.96%	\$ 53,378	0.04%
2002	152,048,082	151,301,348	99.51%	652,483	151,953,831	99.94%	94,251	0.06%
2003	159,226,438	156,728,264	98.43%	2,402,873	159,131,137	99.94%	95,301	0.06%
2004	168,687,861	167,999,826	99.59%	594,739	168,594,565	99.94%	93,296	0.06%
2005	181,503,256	181,184,501	99.82%	161,227	181,345,728	99.91%	157,528	0.09%
2006	198,317,423	197,681,023	99.68%	488,328	198,169,351	99.93%	148,072	0.07%
2007	225,962,627	225,203,456	99.66%	622,267	225,825,723	99.94%	136,904	0.06%
2008	256,888,128	255,936,685	99.63%	743,074	256,679,759	99.92%	208,369	0.08%
2009	291,636,361	290,917,209	99.75%	367,558	291,284,767	99.88%	351,594	0.12%
2010	310,635,791	309,581,012	99.66%	Not Available	309,581,012	99.66%	1,054,779	0.34%



Harford County, Maryland

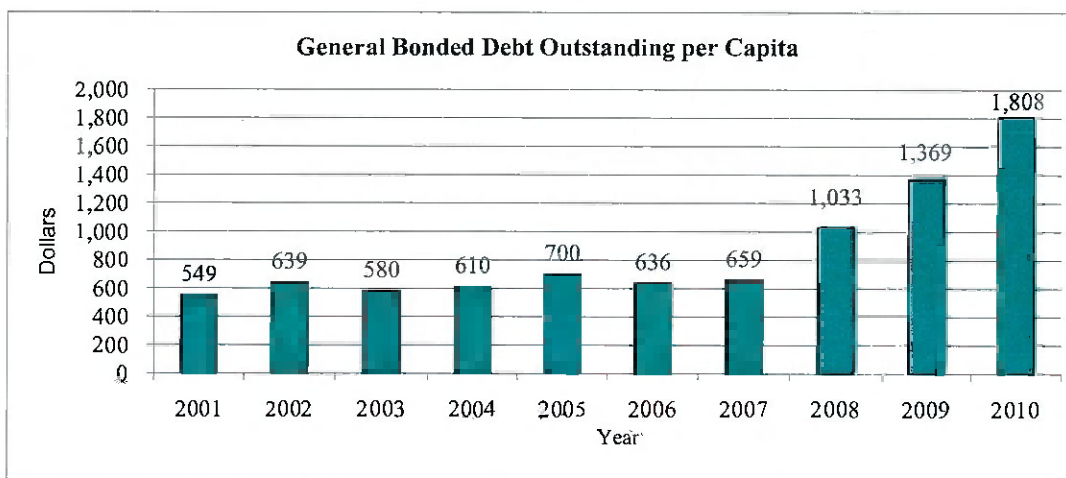
Ratios of General Bonded Debt Outstanding (1)

Table 10
Last Ten Fiscal Years

Year Ending June 30	Governmental General Obligation Debt (2)	Business-type General Obligation Debt	Less Amounts to be Paid with Other Resources (3)	Total Net Primary Government	Percentage of Actual Assessed Value of Property (4)	Per Capita (4)
2001	\$ 153,550,982	\$ 110,523,116	\$ 142,088,998	\$ 121,985,100	2.21%	549
2002	176,591,527	102,048,855	133,687,479	144,952,903	1.12%	639
2003	169,869,912	91,685,037	127,713,945	133,841,004	0.98%	580
2004	180,976,494	85,059,837	123,297,887	142,738,444	0.98%	610
2005	204,436,901	82,783,768	121,158,041	166,062,628	1.05%	700
2006	191,290,866	68,994,713	107,627,411	152,658,168	0.87%	636
2007	198,511,893	60,545,635	100,736,470	158,321,058	0.79%	659
2008	301,845,832	74,514,748	126,944,354	249,416,226	1.08%	1,033
2009	390,165,496	88,379,669	146,485,275	332,059,890	1.27%	1,369 (5)
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,808 (5)

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.
- (2) All Notes Payable and the 2007 and 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.
- (3) Agricultural Land Preservation debt and Water & Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue fund and Water and Sewer debt is paid from the Water & Sewer Enterprise fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2009 and 2010 because data was unavailable.

Note: Detail regarding the County's debt can be found in the notes to the financial statements.



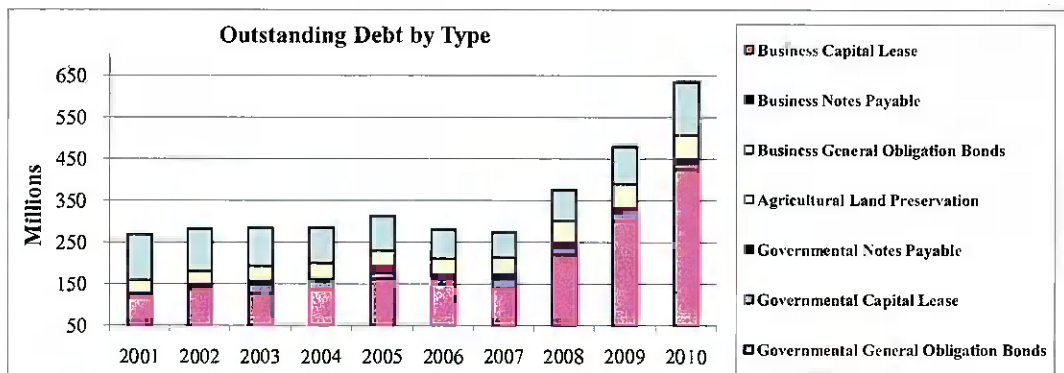
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

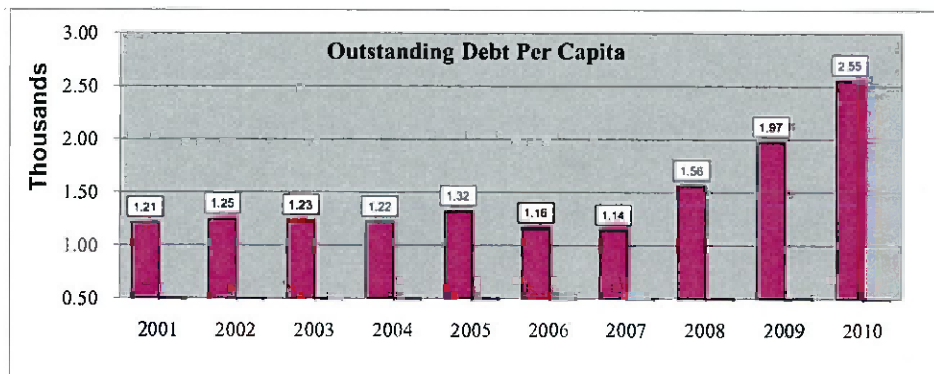
Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities				
	General Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities
2001	\$ 116,843,487	\$ 4,932,947	\$ 5,141,613	\$ 31,565,882	\$ 158,483,929
2002	136,887,632	4,322,441	8,065,271	31,638,624	180,913,968
2003	126,797,975	22,981,128	7,268,029	35,803,908	192,851,040
2004	136,566,067	18,896,526	6,397,725	38,012,702	199,873,020
2005	161,388,248	14,885,073	15,814,155	38,179,497	230,266,973
2006	150,076,668	8,955,750	12,511,500	38,632,698	210,176,616
2007	138,106,697	22,584,599	11,870,000	40,508,347	213,069,643
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832
2009	301,480,584	20,325,901	10,181,999	58,177,012	390,165,496
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 15.
- (3) Personal Income and population information were estimated for fiscal years 2009 and 2010 because data was unavailable.



General Obligation Bonds	Business-type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Notes Payable	Capital Lease Obligation	Total Business-type Activities			
\$110,523,116	\$ -	\$ -	\$ 110,523,116	\$ 269,007,045	3.69%	1,210
102,048,855	-	-	102,048,855	282,962,823	3.70%	1,247
91,685,037	225,000	-	91,910,037	284,761,077	3.52%	1,234
85,059,837	225,348	-	85,285,185	285,158,205	3.30%	1,219
82,783,768	194,776	-	82,978,544	313,245,517	3.40%	1,320
68,994,713	171,238	-	69,165,951	279,342,567	2.87%	1,164
60,228,123	138,950	317,512	60,684,585	273,754,228	2.65%	1,139
74,150,409	105,683	258,656	74,514,748	376,360,580	3.46%	1,559
88,110,699	71,406	197,564	88,379,669	478,545,165	4.14% (3)	1,973 (3)
128,242,149	36,089	134,150	128,412,388	635,102,567	5.17% (3)	2,555 (3)



Harford County, Maryland

Legal Debt Margin Information:

Table 12
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to the Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to the Limit as a % of Debt Limit</u>
2001	\$ 930,899,459	\$ 112,818,487	\$ 818,080,972	12.12%
2002	970,899,721	133,122,632	837,777,089	13.71%
2003	1,010,450,418	123,302,975	887,147,443	12.20%
2004	1,064,629,337	136,566,067	928,063,270	12.83%
2005	1,027,319,209	192,087,477	835,231,732	18.70%
2006	1,132,130,755	171,543,918	960,586,837	15.15%
2007	1,287,176,622	172,561,296	1,114,615,326	13.41%
2008	1,465,360,184	249,310,543	1,216,049,641	17.01%
2009	1,661,636,386	331,988,484	1,329,647,902	19.98%
2010	1,794,971,828	449,590,057	1,345,381,771	25.05%

Legal Debt Margin Calculation for Fiscal Year 2010

(1) Net Assessed Value-Real Property	\$ 27,418,819,139	
(2) Debt Limit=6% of Net Assessed Value		\$ 1,645,129,148
(1) Assessed Value--Personal Property	<u>998,951,200</u>	
(2) Debt Limit=15% of Net Assessed Value		<u>149,842,680</u>
Total Debt Limit		1,794,971,828
(3) Amount of Debt Applicable to Debt Limit	635,102,567	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(57,100,122)	
(3) Debt Payable from Enterprise Revenues	<u>(128,412,388)</u>	
Total debt applicable to Debt Limitation		<u>449,590,057</u>
Legal debt margin		<u>\$ 1,345,381,771</u>

(1) Table 6

(2) Pursuant to Article 25A section 5 (P) of the Annotated Code of Maryland

(3) Table 11

Harford County, Maryland

Direct and Overlapping Governmental Activities Debt

Table 13
Current Fiscal Year

<u>Jurisdiction</u>	<u>Total Debt Outstanding (1)</u>	<u>Taxable Assessed Valuation (2)</u>	<u>% of Assessed Valuation to Countywide Total (3)</u>	<u>Estimated Share Of Total Direct & Overlapping Debt (4)</u>
Direct				
Harford County	\$ 449,590,057	\$ 24,133,640,712	84.92%	\$ 414,579,297
Overlapping				
Aberdeen	5,874,556	1,274,725,879	4.49%	21,920,172
Bel Air	2,504,874	1,393,500,122	4.90%	23,921,792
Havre de Grace	30,230,344	1,615,903,626	5.69%	27,778,570
<i>Total Overlapping Debt</i>	<u>38,609,774</u>	<u>4,284,129,627</u>	<u>15.08%</u>	<u>73,620,534</u>
Total	<u>\$ 488,199,831</u>	<u>\$ 28,417,770,339</u>	<u>100.00%</u>	<u>\$ 488,199,831</u>

(1) Debt repaid with property tax revenues.

(2) Total assessed value data provided by State Department of Assessments and Taxation. Municipality assessed value data provided by the municipalities.

(3) The % of assessed valuation to countywide total is calculated by using taxable assessed property values divided by the County's total taxable assessed value.

(4) The estimated share of total direct and overlapping debt is estimated by multiplying the total debt outstanding by the % of assessed valuation to Countywide total per jurisdiction.

Note: Overlapping governments are those local municipalities within the geographic boundaries of the County. This schedule estimates the entire debt burden borne by the residents and businesses within the County.

Harford County, Maryland

**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 14
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Gross Revenue (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges	Total Gross Revenues
2001	\$ 25,357,736	\$ 1,866,000	\$ 869,041	\$ 9,600,725	\$ 37,693,502
2002	25,904,583	1,904,600	875,569	9,493,009	38,177,761
2003	36,993,957 (5)	1,575,650	981,397	9,262,560	48,813,564
2004	26,346,220	1,530,350	1,581,711 (6)	9,331,722	38,790,003
2005	28,763,887	1,629,350	980,754	10,246,968	41,620,959
2006	32,756,022	1,106,200	878,150	7,792,887	42,533,259
2007	33,358,632	861,100	632,759	6,968,474	41,820,965
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486
2009	30,062,191	553,400	691,019	5,620,994	36,927,604
2010	29,474,829	3,714,030	716,553	7,671,946	41,577,358

(1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.

(2) Includes Total Operating Revenue, Interest Income, and Recordation Tax revenues.

(3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).

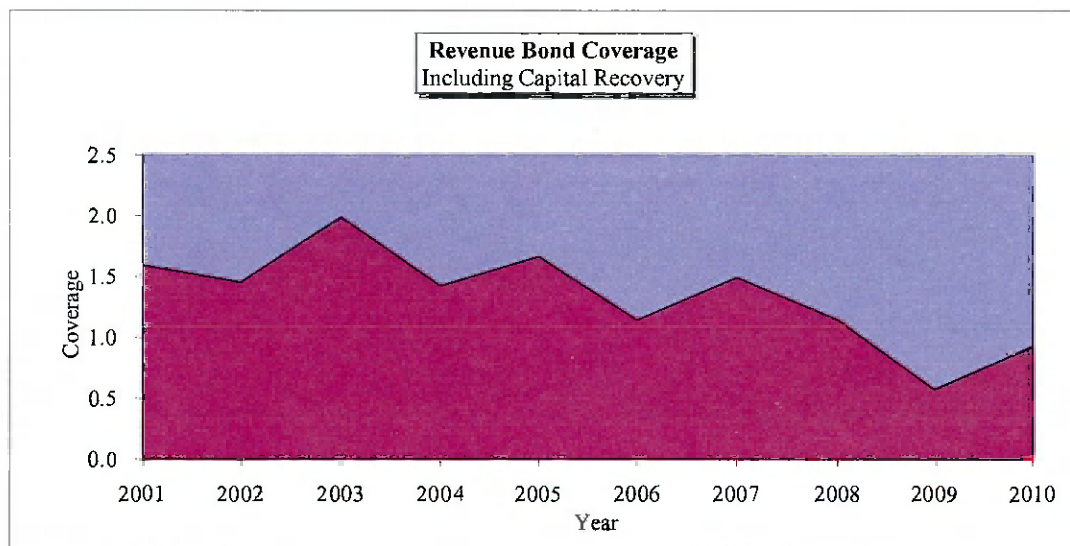
(4) Includes principal and interest on Water and Sewer bonds only from Note 4, F. Non-current Liabilities.

(5) Gross Revenues for 2003 include a litigation settlement of \$11,035,000.

(6) Includes an early benefit assessment payoff of \$573,784 by the Town of Bel Air.

Note: Developer contributions of *Capital Assets* are not included in this table.

Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
		Principal	Interest	Total	
\$ 16,975,577	\$ 20,717,925	\$ 7,991,767	\$ 5,007,996	\$ 12,999,763	1.59
18,548,079	19,629,682	8,687,729	4,801,418	13,489,147	1.46
19,432,482	29,381,082	10,517,527	4,250,167	14,767,694	1.99
20,362,395	18,427,608	9,478,117	3,451,319	12,929,436	1.43
20,860,714	20,760,245	9,091,960	3,354,360	12,446,320	1.67
22,735,508	19,797,751	14,094,946	3,192,596	17,287,542	1.15
24,600,291	17,220,674	8,918,773	2,593,948	11,512,721	1.50
28,777,126	15,799,360	10,924,897	2,843,674	13,768,571	1.15
29,354,696	7,572,908	10,368,564	2,797,801	13,166,365	0.58
29,149,190	12,428,168	10,031,325	3,342,871	13,374,196	0.93



Harford County, Maryland

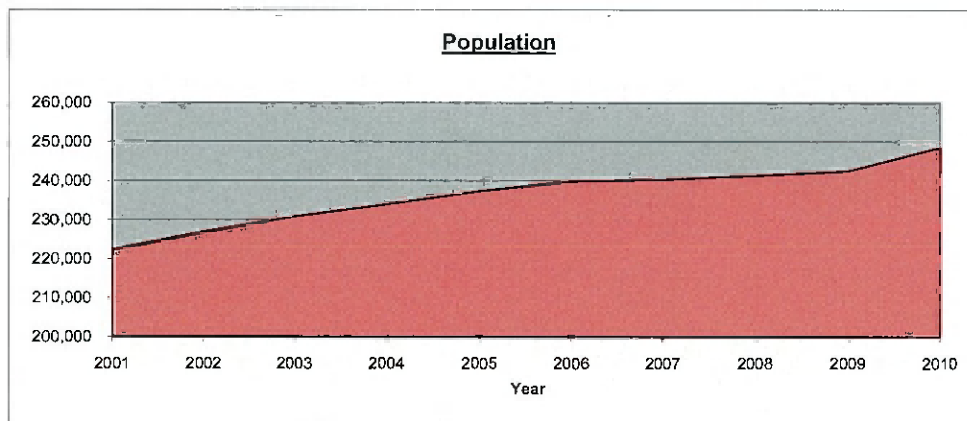
Demographic Statistics

Table 15
Last Ten Fiscal Years

Fiscal Year Ending June 30	Population (1)	Per Capita Income (2)	Personal Income (2) (000's)	Unemployment Rate (3)	School Enrollment (4)	Median Age (5)	Education of Bachelor Degree or Higher (5)
2001	222,323	\$ 32,737	\$ 7,289,414	4.3%	39,562	36.6	27.9%
2002	226,862	33,692	7,657,674	4.3%	39,995	37.0	28.5%
2003	230,834	34,887	8,081,911	4.7%	40,264	37.2	27.5%
2004	234,003	36,664	8,618,412	4.0%	40,204	36.8	27.6%
2005	237,358	38,595	9,218,447	4.1%	40,313	37.2	27.7%
2006	239,903	40,609	9,728,548	3.7%	40,212	37.5	27.6%
2007	240,316	43,106	10,319,796	3.8%	39,582	37.7	27.7%
2008	241,393	45,091	10,884,557	4.1%	39,175	37.8	27.8%
2009	242,514	Not Available	Not Available	7.7%	38,610	38.1	27.6%
2010	248,610	Not Available	Not Available	7.3%	42,503	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2010 provided population estimates for FY2001 thru FY2009. Harford County Department of Planning and Zoning provided population estimates for FY2010.
- (2) U.S. Bureau of Economic Analysis Table CA04, April, 2010.
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, June 2010.
- (4) Harford County Public School System
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning & Zoning.



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

Fiscal Year	2010		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	16,944	1	24.18%
Harford County Public Schools	5,350	2	7.63%
Upper Chesapeake Health	2,426	3	3.46%
Harford County Government	1,609	4	2.30%
Harford Community College	1,219	5	1.74%
Rite Aid Mid-Atlantic Customer Support Center	1,198	6	1.71%
Jacobs Technology	785	7	1.12%
SAIC	700	8	1.00%
Shop Rite	635	9	0.91%
Saks Fifth Avenue	528	10	0.75%
Total	31,394		44.80%
Total County Employment (2) (3)	70,078		100%

Fiscal Year	2000		
	Number of Employees (4)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	10,878	1	18.14%
Harford County Public Schools	4,598	2	7.67%
Upper Chesapeake Health System	1,762	3	2.94%
Harford County Government	1,379	4	2.30%
Saks Fifth Avenue	863	5	1.44%
Frito Lay	565	6	0.94%
The GAP-Atlantic Dist. Ctr.	515	7	0.86%
Michel Distribution Services	440	8	0.73%
Total	21,000		35.02%
Total County Employment (2)	59,968		100%

Source:

- (1) Economic development agencies statewide and Maryland Department of Business and Economic Development, November 2009.
- (2) U.S. Census Bureau, Center for Economic Studies, June 2009.
- (3) Calendar Year 2009.
- (4) Harford County Budget in Brief-2000; only the top eight employers were listed.

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agricultural Preservation									
Acres of Farm Land in Preservation Program	18,015	20,441	22,246	23,390	24,078	25,007	32,623	34,387	34,723
General Government									
Office Buildings	12	12	12	12	12	13	13	13	13
Garage	1	1	1	1	1	1	1	1	1
Vehicles	39	37	37	40	39	40	40	30	34
Education-Primary thru Community College (1)									
Administration Building	1	1	1	1	1	1	1	1	1
Alternative Education Center	-	-	-	1	1	1	1	1	1
Community College	1	1	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	32	32	32	32	32
High Schools	8	8	8	8	8	8	9	9	9
Middle Schools	8	8	8	8	8	8	9	9	9
Public Charter School	-	-	-	-	-	1	1	1	-
Special Education	1	1	1	1	1	1	1	1	1
Vocational/Technical High School	1	1	1	1	1	1	1	1	1
Harford Center--Rehabilitation Center for Disabled	1	1	1	1	1	1	1	1	1
Judicial									
Courthouse	1	1	1	1	1	1	1	1	1
Vehicles	1	1	2	2	3	2	2	2	2
Libraries	9	9	10	10	11	11	11	11	11
Parks and Recreation									
Number of Parks	98	98	98	79	80	83	88	89	91
Acres of Land	3,633	3,861	3,850	4,001	4,068	4,150	4,588	4,612	4,640
Vehicles	67	79	83	91	93	100	100	86	88
Public Safety									
Detention Center	1	1	1	1	1	1	1	1	1
Number of Stations	2	3	3	3	3	3	3	3	3
Number of Patrol Vehicles	174	169	171	171	178	194	197	210	196
Number of Other Vehicles	98	110	118	139	137	145	145	148	157
Firing Range	-	-	1	1	1	1	1	1	1
Mobile Communications Center	1	1	1	1	1	1	1	1	1
Emergency Operations Vehicles	16	15	16	12	12	10	10	6	6
Hazmat Vehicles	2	3	4	6	8	12	12	10	11
DILP Vehicles	21	24	23	24	27	30	30	29	23
Animal Control Vehicles	6	10	12	15	15	16	16	13	10

continued

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Works									
Highways									
County Maintained Roads-Paved Miles	943	953	962	974	988	992	994	998	1,000
County Maintained Roads-Unpaved Miles	55	52	52	50	50	49	48	47	46
Office Buildings	4	4	4	4	4	6	6	6	6
Equipment Sheds	3	3	3	3	4	4	4	4	4
Truck Bay	1	1	1	1	1	1	1	1	1
Salt Dome	1	1	1	1	1	2	2	2	2
Vehicles	288	312	312	314	314	313	332	371	314
Water & Sewer									
Miles of Water Mains and Laterals (2)	669	696	737	749	603	657	661	687	690
Water Treatment Plants	3	3	3	3	3	3	3	3	3
Booster Stations	13	13	13	12	12	12	12	12	12
Water Tanks	13	13	13	13	13	13	13	13	13
Miles of Wastewater Mains and Laterals (2)	793	869	898	914	670	746	754	762	765
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	51	51	54	52	52	52	53	54	55
Waste Disposal									
Waste to Energy Facility	1	1	1	1	1	1	1	1	1
Vehicles	10	10	10	17	17	21	19	19	19
Landfills									
Buildings	3	3	3	3	3	3	3	3	3
Vehicles	70	70	69	73	81	81	88	88	77
Social Services & Health									
Senior/Activity Centers	4	4	4	4	4	4	4	4	5
Buses	28	26	29	28	31	34	34	34	33
Office Buildings	4	5	5	5	5	5	5	5	5
Transportation Facility	-	1	1	1	1	1	1	1	1
Other Vehicles	9	9	9	6	6	7	11	11	6

(1) Harford County does not own the Education Capital Assets but the County does pay for their construction.

(2) In FY2006 the previous physical survey of mains and laterals was converted to a GIS system creating a difference in the number of miles.

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Agricultural Preservation</u>										
Number of Settlements	11	14	30	26	10	10	12	20	20	-
<u>County Council</u>										
Number of bills introduced	56	48	66	61	49	40	51	70	42	46
Number of bills passed	52	42	59	55	43	32	40	67	39	39
<u>General Government</u>										
<u>Land Use</u>										
Total Acres	337,065	337,065	335,282	335,282	335,282	335,282	335,282	335,282	335,282	335,282
Percent Residential	10.23%	10.23%	15.00%	15.00%	15.00%	15.00%	17.50%	17.50%	17.50%	17.50%
Percent Agriculture	34.50%	34.50%	39.40%	39.40%	39.40%	39.40%	36.70%	36.70%	36.70%	36.70%
Percent Commercial	1.11%	1.11%	1.90%	1.90%	1.90%	1.90%	2.10%	2.10%	2.10%	2.10%
<u>Inspections & Permits</u>										
Permits issued	16,403	17,131	16,806	18,260	19,332	17,922	20,523	16,582	13,687	11,937
Com. Construction Permits	48	37	48	60	84	127	92	85	50	18
Res. Construction Permits	1,767	1,999	1,698	1,733	2,043	1,483	920	666	494	681
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed- Calendar Yr	n/a	1,597	1,816	1,856	1,948	2,324	2,368	2,331	2,184	2,162
<u>District Court</u>										
Number of cases filed-Calendar Yr	n/a	5,821	6,465	6,447	8,002	7,661	8,754	7,646	8,320	8,513
<u>Education</u>										
<u>Board of Education</u>										
Administrators	236	391	243	227	234	247	253	270	269	275
Support	1,709	1,526	1,520	1,650	1,684	1,835	1,853	1,919	1,976	1,983
Teachers/Counselors/Mentors	2,658	2,599	2,686	2,824	2,846	2,949	3,076	3,117	3,088	3,092
Number of Students	39,562	39,995	40,264	40,203	40,294	40,212	39,571	39,175	38,610	38,639
<u>Community College</u>										
Number of credit students	4,474	4,815	5,003	4,920	4,958	5,059	5,172	5,437	5,838	6,324
Faculty	75	73	65	60	68	72	65	62	100	102
Administrators	20	20	23	22	23	25	30	31	33	31
Staff	148	150	155	156	158	166	172	176	185	181
Visiting professors	n/a	n/a	24	34	31	33	35	38	-	-
<u>Libraries</u>										
Number of registered borrowers	160,486	173,764	186,469	199,240	211,585	225,802	240,112	185,728	201,032	214,116
Circulation (000)	2,469	2,776	2,867	2,809	3,228	3,567	3,990	4,466	4,851	4,699
Materials Collection (000)	828	835	848	1,008	1,021	1,016	1,050	1,051	1,003	1,032
Library personnel	180	198	206	225	214	245	247	252	242	222

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Parks and Recreation</u>										
Volunteer recreation councils	19	19	19	20	20	20	20	20	20	21
Number of P&R Volunteers	18,411	19,947	21,008	22,352	23,279	22,942	23,078	23,747	29,574	42,731
Recreation Registrations-Calendar Yr	n/a	65,942	68,175	72,554	73,258	78,943	75,605	78,587	77,149	n/a
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,380	1,252	1,320	707	1,520	1,520	1,520	1,520	1,520	1,520
Fire & EMS responses	27,804	27,892	29,282	21,439	23,613	23,423	24,239	28,227	32,132	24,997
Police responses	92,955	103,228	144,411	152,096	159,160	150,656	161,532	160,494	143,618	145,072
911 calls	72,955	83,185	93,308	97,295	98,870	100,270	101,431	102,732	101,959	104,590
Hazardous material incidents	294	212	279	216	255	239	246	304	329	208
EOC activations/exercises	10	9	9	14	12	12	19	16	12	17
Community policing programs	738	749	749	676	156	308	340	376	311	349
Neighborhood watch programs	80	86	119	120	56	53	62	53	39	63
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials	120,297	137,179	135,406	140,618	164,654	180,959	176,865	176,654	187,249	193,487
Tons of solid waste processed	126,775	155,259	152,409	152,708	149,130	168,188	166,029	160,517	143,217	160,742
<u>Highways</u>										
Number of snow routes	67	67	67	70	71	72	73	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Average Daily Ridership	750	790	825	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual Ridership	n/a	n/a	n/a	217,821	225,180	242,208	281,991	281,991	291,577	305,532
Vehicle Miles Traveled	n/a	n/a	n/a	709,445	740,250	709,074	737,252	737,252	684,957	772,523
<u>Water & Sewer Operations</u>										
Daily av. water consump. in gal.(000)	10,600	10,600	11,800	11,000	10,900	11,176	11,870	10,500	10,500	11,500
Daily av. effluent treatmnt in gal. (000)	11,600	12,400	12,300	12,500	15,000	12,110	14,000	12,300	12,000	13,000
Number of new accounts added	1,294	1,410	1,363	1,041	964	811	421	477	345	315

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 19

Last Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Council	19	19	19	19	19	19	20	22	22
General Government									
County Executive	4	4	4	4	4	7	7	8	8
Administration	85	86	87	87	92	93	100	96	103
Procurement	10	10	10	10	10	17	20	20	20
Treasury	49	49	49	49	51	51	51	51	52
Law	14	14	15	15	16	16	16	16	16
Planning & Zoning	41	41	40	39	39	40	40	44	44
Human Resources	10	10	9	9	9	10	10	11	10
Govt & Community Relations	7	6	6	4	4	5	5	5	5
Economic Development	10	10	10	10	11	14	13	13	12
	230	230	230	227	236	253	262	264	270
Judicial									
Judicial	29	28	23	25	26	26	28	28	28
State's Attorney	43	43	43	47	50	52	53	52	56
	72	71	66	72	76	78	81	80	84
Parks and Recreation	72	73	73	74	77	83	96	99	105
Public Safety									
Sheriff's Office	421	425	425	436	459	498	498	510	511
Emergency Services	69	73	75	81	87	91	92	92	92
Inspections, Licenses & Permits	38	39	39	40	42	45	45	45	43
	528	537	539	557	588	634	635	647	646
Public Works									
Public Works - Administration	21	20	20	21	24	26	30	31	32
Public Works - Solid Waste	28	28	28	29	30	32	33	33	33
Public Works - Highways	222	219	211	215	213	209	217	217	206
Public Works - Water & Sewer	162	164	165	168	169	168	169	170	170
	433	431	424	433	436	435	449	451	441
Social Services & Health									
Community Services	24	28	29	32	34	36	37	37	33
Housing Agency	6	5	7	6	5	7	8	8	8
	30	33	36	38	39	43	45	45	41
Grand Totals	1,384	1,394	1,387	1,420	1,471	1,545	1,588	1,608	1,609

(1) Information from Harford County Operating Budget; includes vacant positions.